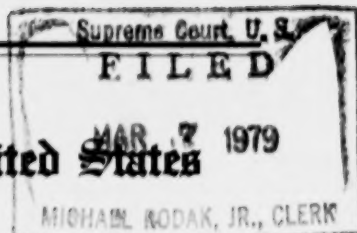


IN THE
Supreme Court of the United States

OCTOBER TERM, 1978



No. 78-1063

AMERICAN TELEPHONE AND TELEGRAPH COMPANY;
ILLINOIS BELL TELEPHONE COMPANY; AND SOUTH-
WESTERN BELL TELEPHONE COMPANY, *Petitioners*,

v.

MCI COMMUNICATIONS CORPORATION; MCI-NEW YORK
WEST, INC.; INTERDATA COMMUNICATIONS, INC.; AND
MICROWAVE COMMUNICATIONS, INC., *Respondents*.

PETITIONERS' REPLY

GEORGE L. SAUNDERS, JR.
THEODORE N. MILLER
MICHAEL S. YAUCH
KENNETH K. HOWELL
GERALD A. AMBROSE
One First National Plaza
Chicago, Illinois 60603

Of Counsel:

F. MARK GARLINGHOUSE
DONALD H. SHARP
WAYNE E. BABLER

SIDLEY & AUSTIN
March 7, 1979

HAROLD S. LEVY
DOUGLAS B. MCFADDEN
WILLIAM F. FINNEGAN
195 Broadway
New York, New York 10007
Attorneys for Petitioners

IN THE
Supreme Court of the United States

OCTOBER TERM, 1978

No. 78-1063

AMERICAN TELEPHONE AND TELEGRAPH COMPANY;
ILLINOIS BELL TELEPHONE COMPANY; AND SOUTH-
WESTERN BELL TELEPHONE COMPANY; *Petitioners,*

v.

MCI COMMUNICATIONS CORPORATION; MCI-NEW YORK
WEST, INC.; INTERDATA COMMUNICATIONS INC.; AND
MICROWAVE COMMUNICATIONS, INC., *Respondents.*

**ON PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT**

PETITIONERS' REPLY

The Government has been less than fully candid in its opposition to the petition for a writ of certiorari in this case.

1. Although the Government makes passing reference (U.S. Opp., pp. 7 n.9, 8, 9 n.11) to three recent appellate court decisions involving the general question presented by the

petition—*Iowa Beef Processors, Inc. v. Bagley*, No. 78-1855 (8th Cir. Feb. 7, 1979), *petition for cert. pending*, No. 78-1281; *United States v. GAF Corp.*, No. 78-6102 (2d Cir. Feb. 9, 1979); *Martindell v. International Telephone and Telegraph Corp.*, 25 F.R. Serv. 2d 1283 (S.D.N.Y. 1978), *aff'd*, No. 78-6074 (2d Cir. Feb. 14, 1979)—it nowhere discloses to the Court that two of those decisions reached the conclusion that the protective order involved could not properly be modified and that one of the decisions is in direct conflict with the decision as to which review is sought here.

The Government's treatment of the *Martindell* decision is particularly egregious. The Government brushes that decision aside on the ground that "government not yet a litigant, was looking toward criminal proceedings, and important Fifth Amendment considerations were involved" (U.S. Opp., pp. 9, 11).¹ In fact, the decision in *Martindell* is in direct conflict with the decision of the Court of Appeals for the Seventh Circuit in this case. In *Martindell*, the Government sought access to transcripts of depositions that had been taken in civil litigation under a protective order which provided that "the fruits of the depositions, including transcripts of testimony and documents furnished by the defendants, were to be made available only to the parties and their counsel and not to be used for any purpose other than the preparation for and conduct of the litigation" (App. A, p. 3a). The Court of Appeals for the Second Circuit rejected the Government's effort to break that protective order on the authority of Judge Frankel's earlier opinion in *GAF Corp. v. Eastman Kodak Co.*, 415 F. Supp. 129 (S.D.N.Y. 1976), and Judge Higgenbotham's opinions in *Zenith Radio Corp. v. Matsushita Electric Industrial Co.*, 1978-1 Trade Cases ¶ 61,961 (E.D. Pa. 1976), 1978-1 Trade Cases ¶ 62,019 (E.D. Pa. 1978)—the very decisions principally relied upon in the petition here (App. A, p. 10a):

¹ For the convenience of the Court, the decision of the Court of Appeals for the Second Circuit in the *Martindell* case is annexed hereto as Appendix A.

"After balancing the interests at stake, we are satisfied that, absent a showing of improvidence in the grant of a Rule 26(c) protective order or some extraordinary circumstance or compelling need, none of which appear here, a witness should be entitled to rely upon the enforceability of a protective order against any third parties, including the Government, and that such an order should not be vacated or modified merely to accommodate the Government's desire to inspect protected testimony for possible use in a criminal investigation, either as evidence or as the subject of a possible perjury charge. *GAF Corporation v. Eastman Kodak Company*, *supra*; *Zenith Radio Corp. v. Matsushita Electric Industrial Co.*, unpublished Opinion of A. Leon Higgenbotham, J., dated Aug. 16, 1976, E.D. Pa. Civil Action Nos. 74-2451, 74-3247."

This holding cannot properly be distinguished on the ground that it involved a situation in which the Government was not yet a litigant and was looking toward criminal proceedings. Neither of the cases relied upon by the Court of Appeals for the Second Circuit involved a situation in which the Government was looking toward criminal proceedings, and the discovery to which the Government sought access in *Zenith Radio* was for use in a case in which the Government was an active litigant. Nor can the *Martindell* holding be distinguished on the ground that Fifth Amendment considerations were involved, for the court expressly rested its decision upon "the overriding policy in favor of enforcing the civil protective order" and did not even reach the Fifth Amendment issues App. A., p. 11a):

"In view of the overriding policy in favor of enforcing the civil protective order, it becomes unnecessary for us to decide the Fifth Amendment issues raised by the parties."

The Government's treatment of the *Iowa Beef Processors* decision is also inadequate.² Although that case involved a unique situation in which it was alleged that the documents involved had been obtained "in violation of various contractual obligations and common law fiduciary duties" (App. B, p. 17a), the case does illustrate the seriousness of the problem presented when governmental agencies seek to circumvent protective orders by a series of procedural devices (*id.* at 17a-19a). The Court of Appeals for the Eighth Circuit's condemnation of "abrupt and unexplained" turnabouts with respect to protective orders (*id.* at 23a)—even in a situation in which the court had to use its power under the All Writs Act to reach its decision, and even where it regarded itself as lacking jurisdiction to remedy the wrong that had been done—dramatically underscores the need for comprehensive review by this Court of the whole question of the status of protective orders and the circumstances under which they can properly be modified.

The *GAF* decision strongly confirms the existence of such a need.³ In *GAF*, a panel of the Court of Appeals for the Second Circuit, acting only five days before the decision of the panel in *Martindell* discussed above, permitted the Government to circumvent the earlier decision of Judge Frankel in *GAF Corp. v. Eastman Kodak Co.*, 415 F. Supp. 129 (S.D.N.Y. 1976), and obtain the very information which Judge Frankel had held to be protected under an explicit agreement between *GAF* and Eastman Kodak. The *GAF* decision is not in direct conflict with the *Martindell* decision since *GAF* did not involve deposition transcripts like those involved here and in *Martindell*. However, *GAF* does reflect an uncertainty even among the various

² For the convenience of the Court, the *Iowa Beef Processors* decision is annexed hereto as Appendix B.

³ For the convenience of the Court, the *GAF* decision is annexed hereto as Appendix C.

judges of the Court of Appeals for the Second Circuit as to the proper principles to be applied in dealing with governmental efforts to break protective orders.⁴

2. The Government's treatment of the related litigation in *Litton Systems, Inc. v. American Tel. & Tel. Co.*, No. 76-Civ.-2512 (S.D.N.Y.), is also less than candid. The Government states that it sought relief in *Litton* similar to that obtained here (U.S. Opp., p. 4 n.6). What it does not tell the Court is that the magistrate responsible for discovery in the *Litton* case *denied* the Government's request for such relief.⁵ Moreover, in light of this ruling, the district judge responsible for the proceedings in *United States v. American Tel. & Tel. Co.*, Civil Action No. 74-1698 (D.D.C.), has entered an order denying the Government access to deposition transcripts and work product of Litton's counsel in that case.⁶

The ruling in *United States v. American Tel. & Tel. Co.* was based upon the view that there is a fundamental distinction between modification of a protective order to permit governmental access to pre-existing documents and the modification of such an order where access to deposition transcripts generated for the particular case and reflecting the work product of private counsel is involved, as it is in this case and the *Martindell* case (App. E., p. 64a-65a). While that distinction may not be a sound one, it could explain the different results in the two recent decisions of the Court of Appeals for the Second

⁴ *GAF* certainly does not indicate that the Court of Appeals for the Second Circuit will permit a wholesale "modification [of protective orders] to meet the reasonable requirements of parties in other litigation" as contended by the Government (U.S. Opp., p. 8). Indeed, since *GAF* was a 2-1 decision in which the deciding vote was cast by a district judge sitting by designation, even if the case stands for that proposition — which must be regarded as doubtful in light of *Martindell*—that view at the very most should be imputed to a single member of the Court.

⁵ For the convenience of the Court, the magistrate's opinion is annexed hereto as Appendix D.

⁶ For the convenience of the Court, this order in *United States v. American Tel. & Tel. Co.* is annexed hereto as Appendix E.

Circuit and, in any event, reenforces both the conclusion that the decision here is in direct conflict with *Martindell* and the need for this Court, at the very least, to resolve that conflict.

3. The Government seeks to downgrade the importance of the question involved here by repeatedly characterizing the whole question as one of "discretion" (U.S. Opp., pp. 9-10) and distinguishing decisions adverse to its position on the theory that such decisions reflected merely an exercise of discretion. The *Martindell* decision plainly discredits this view. To be sure, in *Martindell* two of the judges concluded, contrary to the views expressed by Judge Medina in his concurring opinion, that in appropriate circumstances a protective order could be modified in the interests of justice. However, in reaching that conclusion, the majority opinion makes it plain that a governmental agency will not be permitted to override a protective order merely on the claim that by doing so "substantial time and effort in the government's case" will be saved (U.S. Opp., p. 10). Quite the contrary, the majority in *Martindell* held that protective orders should be subject to modification only where there is "a strong overriding public need for the protective testimony for law enforcement purposes," such as where all participants have died or have been granted immunity (App. A, p. 10a n.7).

Petitioners do not contend, and have never contended, that a protective order cannot properly be modified in extraordinary circumstances where enforcement of the order would deny the Government access to critical information that cannot be obtained by any other means. They do contend, however, that the decision in this case, upholding modification of a protective order based solely on the Government's claim that such modification will save time and expense, renders the entire protective order device meaningless. The Government will always be able to make that claim; and if it is permitted to succeed, no protective order can be relied upon.

As the Court of Appeals for the Second Circuit stated in *Martindell* (App. A, p. 8a):

"These arguments ignore a more significant counterbalancing factor—the vital function of a protective order issued under Rule 26(c), F.R.Civ.P., which is to 'secure the just, speedy, and inexpensive determination' of civil disputes, Rule 1, F.R.Civ.P., by encouraging full disclosure of all evidence that might conceivably be relevant. This objective represents the cornerstone of our administration of civil justice."

This Court can and should protect this cornerstone lest the shortsighted desire to expedite the handling of a single case be permitted seriously to impede the administration of civil justice.

CONCLUSION

The reasons for granting the writ of certiorari in this case are even more substantial now than they were when the petition for certiorari was filed. The decision below is in direct conflict with a decision of the court of Appeals for the Second Circuit, and the uncertainty which exists with respect to the proper standard for modification of a protective order has produced inconsistent views among the members of the Second Circuit and inconsistent rulings in situations related to this very case. For those reasons, as well as the reasons set forth in the petition, the writ of certiorari prayed for in this case should be granted.

Respectfully submitted,

GEORGE L. SAUNDERS, JR.
THEODORE N. MILLER
MICHAEL S. YAUCH
KENNETH K. HOWELL
GERALD A. AMBROSE
One First National Plaza
Chicago, Illinois 60603

Of Counsel:

F. MARK GARLINGHOUSE
DONALD H. SHARP
WAYNE E. BABLER
SIDLEY & AUSTIN

HAROLD S. LEVY
DOUGLAS B. MCFADDEN
WILLIAM F. FINNEGAN
195 Broadway
New York, New York 10007

March 7, 1979

Attorneys for Petitioners

Appendices

1a

APPENDIX A
UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

No. 192—August Term, 1978.

(Argued October 6, 1978 Decided February 14, 1979.)

Docket No. 78-6074

ANNE C. MARTINDELL,

Plaintiff,

—v.—

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION;
and HAROLD S. GENEEN, Director, Chairman and President
of ITT; TED B. WESTFALL; HART PERRY and FRANCIS J. DUN-
LEAVY, Directors and Executive Vice Presidents of ITT;
RAYMOND S. BRITTENHAM, Director and Senior Vice
President-Law and Counsel of ITT; and HOWARD P. JAMES,
President of ITT-SHERATON CORPORATION OF AMERICA,
Defendants-Appellees,

UNITED STATES OF AMERICA,

Appellant.

Before:

MEDINA, MANSFIELD AND MESKILL,

Circuit Judges.

Appeal from an order of the Southern District of New York, William C. Conner, *Judge*, denying the Government access for criminal investigative purposes to transcripts of depositions of witnesses taken in a private civil action between others pursuant to a court-approved stipulation to the effect that the depositions would be made available only to the parties and not used for any purpose other than conduct of the private litigation.

Affirmed.

ROBERT G. ANDARY, Attorney, Department of Justice, Washington, D.C. (Philip B. Heymann, Assistant Attorney General, G. Allen Carver, Jr., Attorney, Department of Justice, Washington, D.C., of counsel), *for Appellant.*

PHIL E. GILBERT, JR., Esq., New York, N.Y. (Elihu Inselbuch, Esq., Bernard J. Rosenthal, Esq., Gilbert, Segall and Young, New York, N.Y., of counsel), *for Defendants-Appellees Geneen, Westfall, Perry, Dunleavy and Brittenham.*

MANSFIELD, *Circuit Judge:*

The Government, although not named as a party in this private action between others, seeks to appeal from an order entered on March 23, 1978, by Judge William C. Conner of the Southern District of New York, denying it access to transcripts of pretrial depositions of some 12 persons (including certain defendants in the action), which were taken pursuant to a court-approved stipulation to the effect that the depositions should be treated as confidential and used solely by the parties for prosecution or defense of the action. We affirm.

The action is a stockholders' derivative suit on behalf of International Telephone & Telegraph Corporation (ITT) against certain ITT officers and directors, charging them with

waste of ITT assets through expenditures to influence 1970 elections in Chile. The suit was commenced in the Southern District of New York in June 1972 and terminated in January 1978 by a court-approved settlement and stipulation dismissing the complaint with prejudice. During the pendency of the action the plaintiffs took pretrial depositions of certain witnesses pursuant to a stipulation of confidentiality, "so ordered" by Judge Bauman, to whom the case was assigned before being transferred to Judge Conner, providing that the fruits of the depositions, including transcripts of testimony and documents furnished by the defendants, were to be made available only to the parties and their counsel and not to be used for any purpose other than the preparation for and conduct of the litigation.

In late 1977 the Government, although not a party to the suit, informally asked Judge Conner (first by telephone, then by letter dated February 13, 1978) for access to the deposition transcripts of the 12 witnesses¹ for use in the Government's investigation into possible violations of federal criminal laws (18 U.S.C. §§1621 (perjury), 1622 (subornation of perjury), 1001 (making of false statements to federal agency), 1505 (obstruction of justice), 371 (conspiracy)) by Messrs. Robert Berrellez, Edward J. Gerrity, Jr., and Harold S. Geneen in connection with activities related to the 1970 presidential election in Chile. The subject of the investigation was possible perjury by some or all of these three in testimony given in 1973 before a Subcommittee of the U.S. Senate investigating foreign activities of multi-national corporations and of the C.I.A. The Justice Department speculated that the pretrial deposition testimony might be relevant to its investigation into matters similar to those that had been the subject of the *Martindell* action and might be useful in appraising the credibility, accuracy and completeness of testimony given by witnesses in the Government's investigation or might provide additional information of use to the Government. The Government, moreover,

¹ The transcripts requested were those of Messrs. Dunleavy, Brittenham, Westfall, Duma, Pfann, Hamilton, Schmitt, Gerrity, Berrellez, Geneen and Hendrix.

feared that unless it could obtain the deposition transcripts, it would be unable to secure statements from the witnesses because they would claim their Fifth Amendment rights in any investigative interviews by the Government.

At Judge Conner's request, counsel for the defendants in the action furnished the Department of Justice by letter dated December 23, 1977, with a list of 14 witnesses who had been deposed in the case. However, defendants-appellees opposed the requested turnover of the deposition transcripts on various grounds. On March 20, 1978, the Department of Justice filed criminal informations against Berrellez and Gerrity after the latter had waived their right to presentment of evidence to a grand jury and a grand jury investigating the matter had been discharged. Simultaneously the Government announced that no other actions arising out of the investigation were contemplated.

On March 23, 1978, Judge Conner denied the Government's request, holding that the deposition testimony had been given in reliance upon the protective order, thus rendering unnecessary invocation by the witnesses of their Fifth Amendment rights, that the requested turnover would raise constitutional issues, and that principles of fairness mandated enforcement of the protective order. From this decision the Government appeals.

DISCUSSION

The rather obvious threshold issue, which for some reason was not raised by appellees, is whether the Government, not being a party to this private civil action, has any right to seek a review of Judge Conner's order. If the Government had sought and obtained permission from the court to intervene in the action pursuant to Rule 24(b), F.R.Civ.P., for the limited purpose of seeking modification of the protective order, the district court could then have exercised its power under Rule

26(c), F.R.Civ.P., to modify or vacate the order and the resulting decision would be final as to the intervenor within the meaning of Title 28 U.S.C. §1291, it being the only pending matter in the action. See *Cobbledick v. United States*, 309 U.S. 323, 330 (1940); *United States v. United Fruit Co.*, 410 F.2d 553 (5th Cir.), cert. denied, 396 U.S. 820 (1969). In that event both the district court and we would have all parties properly before us. Moreover, the record reveals that the plaintiffs in the *Martindell* action, had it not been for Judge Conner's order, were prepared to turn over copies of the deposition transcripts to the government. The government, therefore, would have standing in the constitutional sense to seek review of the order, since it would be adversely affected by the court's refusal to modify or vacate it, see *Warth v. Seldin*, 422 U.S. 490, 498-99 (1975); *Barlow v. Collins*, 397 U.S. 159, 164 (1970). Since the Government is vested with both the power and the duty to obtain all relevant evidence needed for enforcement of federal criminal laws, it would also have prudential standing. See *Warth v. Seldin*, *supra*, at pp. 499-501.

The Government may not, however, simply by picking up the telephone or writing a letter to the court (as was the case here), insinuate itself into a private civil lawsuit between others. The proper procedure, as the government should know, was either to subpoena the deposition transcripts for use in a pending proceeding such as a grand jury investigation or trial, in which the issue could be raised by motion to quash or modify the subpoena, see Rule 17(c), F.R.Crim.P., or to seek permissive intervention in the private action pursuant to Rule 24(b), F.R.Civ.P., for the purpose of obtaining vacation or modification of the protective order. See *Nuesse v. Camp*, 385 F.2d 694 (D.C. Cir. 1967); *All American Airways v. Village of Cedarhurst*, 201 F.2d 273 (2d Cir. 1953); *O'Keefe v. Boeing Co.*, 38 F.R.D. 329 (S.D.N.Y. 1965); *Mitchell v. Singstad*, 23 F.R.D. 62 (D.C. Md. 1959). Otherwise, as a non-party who would not be affected by the outcome of the action (as distinguished from a denial of intervention), the Government

would neither have the right to seek relief in the action, Rules 7(b), 71 F.R.Civ.P.; *Spangler v. Pasadena City Bd. of Educ.*, 552 F.2d 1326 (9th Cir. 1977), nor the right to appeal from a decision in the action, *Utility Contracts Ass'n of New Jersey, Inc. v. Toops*, 507 F.2d 83 (3d Cir. 1974).² Here the Government, a non-party, would not have been affected by the outcome of the *Martindell* action. Although a petition by a non-party for review of a district court order might be entertained as an application for a writ of mandamus against the district court, see *Society of Professional Journalists v. United States District Court*, 551 F.2d 559 (4th Cir. 1977), further opinion, *Society of Professional Journalists v. Martin*, 556 F.2d 706 (4th Cir. 1977), *cert. denied*, 434 U.S. 1022 (1978); *CBS v. Young*, 522 F.2d 234 (6th Cir. 1975), this extraordinary writ would hardly be available here where the only purpose was to obtain modification of a pretrial order for investigative purposes.

Notwithstanding the foregoing we are faced with what amounts to informal permission being granted by the district court to the Government to intervene for the purpose of seeking modification of the order and with appellees' failure at any time to challenge either the Government's standing or its status as a non-party. Under the circumstances, the defendants clearly waived any objections to intervention, and Judge Conner's informal entertainment of the Government's application for vacation or modification of the protective order thus amounted to a *de facto* grant of permissive intervention pursuant to Rule 24(b). *Klein v. Nu-Way Shoe Co.*, 136 F.2d 986 (2d Cir. 1943); *Illinois v. Sarbaugh*, 552 F.2d 768, 772 (7th Cir.), *cert. denied*, 434 U.S. 889 (1977); *Smartt v. Coca-Cola Bottling Corp.*, 337 F.2d 950 (6th Cir. 1964), *cert. denied*, 380 U.S. 934 (1965); see also *French v. Gaper*, 105 U.S. 509, 525 (1882);

² See also *Peckham v. Casaldue*, 261 F.2d 120 (1st Cir. 1958).

Myers v. Fenn, 72 U.S. (5 Wall.) 205 (1867).³ Moreover, since the district court has already adjudicated the issues raised by the Government we are not disposed to remand the case to the district court for the rather wasteful procedure of requiring the Government formally to seek post hoc intervention that would undoubtedly be granted, with the result that the case would then be returned to us for review.

Turning to the merits, the Government, relying on *Garner v. United States*, 424 U.S. 648 (1976), and *Schneckloth v. Bustamonte*, 412 U.S. 218 (1973), argues that it was an abuse of discretion on the part of the district court, out of solicitude for the witnesses' Fifth Amendment rights, to refuse the

³ In *Spangler v. Pasadena City Bd. of Education*, 552 F.2d 1326 (9th Cir. 1977), the court did say that even though "a court has for some reason permitted persons who are not parties to a suit to participate in some stage of the proceedings, this will rarely, if ever, suffice to eliminate the necessity of formal intervention for these persons to become parties in their own right," 552 F.2d at 1329, and vacated the judgment of the district court, rendered upon a motion for modification of a final order in a school desegregation case after an evidentiary hearing had been held and extensive findings of fact made, remanding the case for a determination of whether the movants, not parties to the original action, should be granted leave to intervene. However, in light of the unusual circumstances present in *Spangler*, in particular the absence of the original plaintiffs in the hearing of the motion, we do not interpret it as a rejection of the waiver doctrine applied by us here.

In *Peckham*, *supra*, the court held that a litigant who was neither a shareholder nor creditor of a bankrupt corporation could not appeal from an order approving a reorganization plan when he had never formally become a party to the bankruptcy proceeding, even though the master had recommended that he be granted leave to intervene and the district court had allowed him to be heard and to participate in the proceedings. However, since the applicability of the waiver doctrine depends upon the circumstances of the particular case, *Peckham* is not necessarily inconsistent with our decision. Waiver might not be appropriate in a bankruptcy proceeding (as distinguished from the present case) because it usually involves a large number of participants and an effort to work out an arrangement designed to accommodate numerous conflicting interests. In such a case relaxation of intervention procedure could lead to chaos.

Government access to the deposition transcripts when the witnesses, without being under any compulsion or coercion, chose to testify. This, says the Government, amounted to a voluntary waiver or relinquishment by the witnesses of their Fifth Amendment privilege against self-incrimination. In the alternative, the Government contends that the deponents' Fifth Amendment rights should not in any event preclude the Government from having access to their deposition testimony in order to determine whether it was perjurious and therefore prosecutable.⁴ See *United States v. Mandujano*, 425 U.S. 564, 576-78 (1976).

These arguments ignore a more significant counterbalancing factor—the vital function of a protective order issued under Rule 26(c), F.R.Civ.P., which is to “secure the just, speedy, and inexpensive determination” of civil disputes, Rule 1, F.R.Civ.P., by encouraging full disclosure of all evidence that might conceivably be relevant. This objective represents the cornerstone of our administration of civil justice. Unless a valid Rule 26(c) protective order is to be fully and fairly enforceable, witnesses relying upon such orders will be inhibited from giving essential testimony in civil litigation, thus undermining a procedural system that has been successfully developed over the years for disposition of civil differences. In short, witnesses might be expected frequently to refuse to testify pursuant to protective orders if their testimony were to be made available to the Government for criminal investigatory purposes in disregard of those orders.

⁴ This contention may have been abandoned by the Government. In its original brief (pp. 11-12) the Government argued that, even assuming the depositions were given in reliance on the protective order, the Fifth Amendment would not preclude prosecution for giving perjured deposition testimony, thus implying that the Government wanted the deposition transcripts to determine whether they were perjurious. In its Reply Brief, however, the Government states that its “‘need’ or motive in seeking the transcripts is not to discover and prosecute for any false statements contained therein” (p.5).

On the other side of the ledger there is, of course, the public interest in obtaining all relevant evidence required for law enforcement purposes. However, as was noted by Judge Frankel when presented with substantially the same question in *GAF Corporation v. Eastman Kodak Company*, 415 F. Supp. 129, 132 (S.D.N.Y. 1976), “the Government as investigator has awesome powers” which render unnecessary its exploitation of the fruits of private litigation. Normally the Government may institute or continue a grand jury proceeding and, in connection therewith, subpoena witnesses to testify, regardless of whether they have already testified or furnished documentary evidence in civil litigation.⁵ In addition, it may subpoena both witnesses and documents for the trial of charges already filed against others (in the present case, Barrellez and Gerrity). Should the witnesses then invoke their Fifth Amendment privilege, the Government has the power to offer immunity in exchange for their testimony pursuant to 18 U.S.C. § 6002, *Kastigar v. United States*, 406 U.S. 441 (1972).⁶

⁵ In this case the Government, by discharging the grand jury investigating the matters in connection with which the Government sought the witnesses' deposition transcripts, apparently chose not to use grand jury investigative processes to obtain their testimony.

⁶ Where antitrust violations are suspected, as in *GAF*, the Government also has available the civil investigative demand, 15 U.S.C. §§ 1312-14, a discovery instrument not generally available for other types of investigations. Judge Frankel mentioned the civil investigative demand in referring to the Government's awesome investigatory powers. 415 F. Supp. at 132; see also *Zenith Radio Corp. v. Matsushita Electric Industrial Co.*, unpublished Opinion of A. Leon Higgenbotham, J., dated August 16, 1976, E.D. Pa. Civil Action Nos. 74-2451, 74-3247. We do not think, however, that the unavailability of discovery devices above and beyond the Government's armory of conventional weapons should allow the Government to exploit private discovery conducted by others pursuant to a protective order.

The Government also suggests that *GAF* and *Zenith* are distinguishable on the ground that the denial of the Government's efforts to obtain the private discovery in those cases did not necessarily preclude it from obtaining access to the material, since it could have achieved the same result through other statutory discovery powers. However, we are not called upon in the present case to decide whether

After balancing the interests at stake,⁷ we are satisfied that, absent a showing of improvidence in the grant of a Rule 26(c) protective order or some extraordinary circumstance or compelling need, none of which appear here, a witness should be entitled to rely upon the enforceability of a protective order against any third parties, including the Government, and that such an order should not be vacated or modified merely to accommodate the Government's desire to inspect protected testimony for possible use in a criminal investigation, either as evidence or as the subject of a possible perjury charge. *GAF Corporation v. Eastman Kodak Company*, *supra*; *Zenith Radio Corp. v. Matsushita Electric Industrial Co.*, unpublished Opinion of A. Leon Higgenbotham, J., dated Aug. 16, 1976, E.D. Pa. Civil Action Nos. 74-2451, 74-3247.

In the present case the deponents testified in reliance upon the Rule 26(c) protective order, absent which they may have refused to testify. The case is thus easily distinguishable from *Garner v. United States*, *supra*, and *United States v. Kordel*, *supra*, relied upon by the Government, where each defendant had no basis other than his interpretation of his rights under the Fifth Amendment for expecting that his testimony would not be made available to the Government for use in a criminal

the Government might be entitled to enforcement of a subpoena compelling production of the depositions. Moreover, although the Government, in *GAF* and *Zenith*, may have been seeking merely to short circuit statutory procedure in the interest of saving time and money, here it would be, under its own argument, creating a discovery power it does not presently possess.

⁷ In his separate opinion Judge Medina favors strict enforcement of a confidentiality agreement against the Government regardless of the possible presence in some cases of a strong overriding public need for the protected deposition testimony for law enforcement purposes. Although no such circumstances exist here, it is not difficult to visualize cases where unbalanced enforcement would thwart the public interest. For instance, such a policy would preclude the Government from obtaining essential deposition testimony even if all participants had died or had been granted immunity pursuant to Title 18 U.S.C. § 6002, and even if it could be shown that the protective order had been improvidently granted by the court.

prosecution. Here the witnesses were entitled to rely upon the terms of a concededly valid protective order and Judge Conner did not abuse his discretion in refusing to vacate or modify that order.

In view of the overriding policy in favor of enforcing the civil protective order, it becomes unnecessary for us to decide the Fifth Amendment issues raised by the parties.

The order of the district court is in all respects affirmed.

MEDINA, Circuit Judge (concurring in result):

I concur fully with Judge Mansfield's reasoned analysis by which he finds that the defendants have waived any objections to the Government's intervention and that Judge Conner's action on the Government's informal request amounted to a *de facto* grant of permissive intervention under Rule 24(b).

However, I do not agree with the "balancing" approach which forms an integral part of Judge Mansfield's discussion of the merits of this important appeal. The protective order at the heart of this case represents a formal agreement between all parties to the civil case which was approved by the District Judge then presiding. The essence of this order, as it is relevant to this appeal, is that the depositions taken of party and non-party witnesses were for use only in the civil litigation. I believe that such an agreement, if valid at the time made, should be honored without doing any balancing as to the benefits to be derived from disregarding it, and I have no doubt that there was ample basis for the approval of the order by Judge Bauman and Judge Conner. I would take a different view if the order had been improperly or "improvidently" granted. For these reasons I concur in the result reached by Judge Mansfield.

The protective order states in part that the depositions and transcripts "produced by the defendants" were to be used solely for "the preparation and conduct of the litigation of this

action.”¹ Judge Conner, in his orders filed on January 5, 1978 and March 23, 1978, interpreted this agreement as applying equally to all of the depositions taken in the civil action. The Government apparently concurs in this interpretation of the protective order. Before both Judge Conner and this Court the

¹ The protective order stated in relevant part:

IT IS HEREBY STIPULATED AND AGREED by the attorneys for the plaintiff, for the individual defendants served in this action, and for the defendant International Telephone and Telegraph Corporation (“ITT”), representing their respective clients, as follows:

1. The parties, their counsel, their agents, employees or representatives, will not utilize any documents, books, records, writings, depositions and transcripts produced by the defendants in the course of discovery in this action for any purpose other than the preparation and conduct of the litigation of this action.

2. Any documents, books, records, or other materials furnished by the defendants during the course of discovery in this case relating to the allegations of the complaint concerning ITT’s actions in or concerning Chile (Pars. 23-31) shall be delivered or made available to the parties and their counsel in this action only and shall be used by them solely for the purpose of prosecution or defense of the above-captioned action. Any summaries or notes prepared by counsel during discovery proceedings, or the subject of which is material produced during discovery, shall be furnished to the parties and their counsel in the case only.

3. The examination of witnesses on deposition shall be held with no one present except the reporter, the witness, parties and counsel for parties or the witness.

* * *

5. In the event plaintiff, her counsel, agents or representatives, are served with or receive subpoenas or written demands for production of any of the documents affected by this order from any federal or state law enforcement or regulatory agency or authority, prior to responding thereto counsel for plaintiff will serve notice of receipt of same on counsel for defendants who shall have ten (10) days following such service to move the Court for a ruling respecting the necessity of compliance therewith.

* * *

Government has argued that the protective order must be modified or vacated before it properly could gain access to the depositions. The Government has never argued that the depositions of non-party witnesses, including Harold V. Hendrix who is willing to turn over his deposition, are outside the scope of the protective order. Since the parties,² the lower court and the Government concur in this interpretation of the protective order, I see no reason for us to take a different position.

A plaintiff in a civil litigation is bound by terms of an agreement he has made to restrict the access of non-parties, including the Government, to the products of discovery. This was the essence of Judge Frankel’s decision in *GAF Corp. v. Eastman Kodak Co.*, 415 F.Supp. 129 (S.D.N.Y. 1976),³ with which I fully concur.

Judge Frankel stressed the fact that the parties had reached an agreement for their mutual advantage in the civil case, and that the parties had taken their respective positions throughout the litigation relying on the assumption that strangers would not have access to the discovery. He further stated:

It is also unnecessary, and much too late, to wonder what different views the parties might have taken of discovery questions along the way had they contemplated delivery of their papers to public officials.* * * The supervening idea

² By letter of February 16, 1978, counsel for plaintiff informed Judge Conner that he concurred with the Government’s position that the depositions should be turned over. He stated that in his view the purpose of the protective order had been to protect ITT from adverse publicity while the civil action was in progress, and not to “insulate any deponent or witness from a proper law enforcement investigation. . . .” This letter does not suggest that the depositions of party and non-party witnesses were to be treated differently under the protective order.

³ See also *Zenith Radio Corp. v. Matsushita Electric Industrial Co.*, Civ. No. 74-2451 (E.D. Pa. Aug. 18, 1976); *In re Coordinated Pretrial Proceedings in Western Liquid Asphalt Cases*, 18 F.R. Serv. 2d 1251 (N.D. Calif. 1974); *Data Digests, Inc. v. Standard & Poors, Inc.*, 57 F.R.D. 42, 44 (S.D.N.Y. 1972). Compare *In re Adele Halkin*, Civ. No. 77-1313 (D.C. Cir. Jan. 19, 1979).

of disclosure to the Government must be judged (and burdened) by the understanding that this was never a proposed or expressly anticipated step when the papers were turned over to GAF in the first place. [415 F.Supp. at 131-132.]

In the instant appeal the protective order "expressly anticipated" the arrival of Government investigators on the scene and sought to prevent their access to the products of discovery.

The Government has broad investigative authority, including the power to subpoena persons and documents before the Grand Jury. I am not inclined to increase these powers by a balancing process or otherwise, and I concur in the position that the Government is "an adversary litigant confined in its powers." 415 F.Supp. at 133. Further, I am convinced that the Government's purpose is not merely to obtain the answers as given by the various witnesses, but to take advantage of the work product of the lawyers who have asked innumerable *questions* during the course of taking the numerous depositions involved in this case. In a case of this nature, involving a large number of experienced and able lawyers, there is much to be found in the questions propounded by the various lawyers. These questions are based on information obtained in earlier investigations and depositions, and they give hints as to further possible investigations, interpretations, and so on.

This is particularly true with reference to the deposition of Hendrix, who is now willing to hand over his deposition to the Government. Hendrix's deposition was taken on February 24, 1977. His was the last of the depositions taken in the derivative action sought by the Government. It is very probable that many of the matters taken up in the earlier depositions are referred to in his deposition, and the fact that he has agreed to turn it over to the Government would seem to be an additional reason for not acceding to the Government's request. If the agreement and the order are to be honored, his deposition should be withheld just as in the case of others. So long as the

protective order was appropriate in the beginning of the civil case, a contention not challenged here, it remains in full force despite one man's willingness to turn over his deposition.

For these reasons I conclude that none of the depositions should be turned over and vote to affirm Judge Conner's order in all respects.

APPENDIX B

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 78-1855

IOWA BEEF PROCESSORS, INC.,

Appellant,

v.

Appeal from the United
States District Court
for the Northern
District of Iowa.

HUGHES A. BAGLEY,

Appellee.

Submitted: January 9, 1979

Filed: February 7, 1979

Before BRIGHT, HENLEY and McMILLIAN, Circuit Judges.

HENLEY, Circuit Judge.

Iowa Beef Processors, Inc. (IBP) appeals from the district court order which partially lifted a protective order entered in the course of discovery proceedings in this diversity suit. Treating the notice of appeal as a petition for a writ of mandamus, we grant the writ, vacate the district court's order, and remand the case with directions to reinstate, in full, the protective order.

I.

IBP, which is described in the briefs as the world's largest meat packing concern, has been the target of numerous private antitrust suits in recent years. Many of these lawsuits have been brought by members of an organization calling itself the Meat Price Investigators Association and have been pursued by two lawyers, Lex Hawkins and John Cochrane. A number of these cases have been transferred to the United States District Court for the Northern District of Texas for consolidated pretrial proceedings. See *In re Beef Industry Antitrust Litigation*, 432 F.Supp. 211 (Jud. Pan. Mult. Lit. 1977); *In re Beef Industry Antitrust Litigation*, 419 F.Supp. 720 (Jud. Pan. Mult. Lit. 1976). This antitrust litigation has, in turn, generated a massive amount of collateral litigation.

The instant case was begun by IBP in the Northern District of Iowa on August 1, 1977. IBP sued a number of defendants including Hawkins, Cochrane, and one Hughes A. Bagley, a former vice president of IBP. In its complaint, IBP alleged that Bagley had taken a number of documents with him when he left IBP's employ in 1975 and that these documents contained confidential business information which, if disclosed, would damage IBP's business. IBP further alleged that Bagley had disclosed certain confidential information and records to Hawkins, Cochrane, and others in violation of various contractual obligations and common law fiduciary duties. The case came before Chief Judge McManus who on February 13, 1978 issued an order deciding a number of pretrial motions. In part, the order granted IBP's motion for a protective order preventing disclosure of IBP's confidential business information and limiting its use to defense counsel in the Iowa case and to Hawkins and Cochrane in connection with Texas antitrust cases.

Over a period of time, the House Subcommittee on SBA and SBIC Authority and General Small Business Problems (the Subcommittee) of the House Committee on Small Business has become interested in pricing practices in the meat industry. In

that connection, the Subcommittee served Hawkins and one Glen L. Freie with congressional subpoenas duces tecum compelling them to produce a number of documents, including some which were subject to a protective order issued in connection with the Texas antitrust cases.¹ Hawkins and Freie moved to dissolve the protective order. Their motion was denied by United States District Judge William M. Taylor, who held that the Subcommittee's attempt to subpoena the documents covered by the protective order violated the due process clause. *In Re Beef Industry Antitrust Litigation*, 457 F. Supp. 210 (N.D. Tex. 1978). An appeal from that decision was recently dismissed by the Fifth Circuit, *Neal Smith, et al. v. The National Provisioner, et al.*, No. 78-3344 (5th Cir. February 2, 1979).

Frustrated in its efforts to obtain this material in the Texas proceedings, the Subcommittee changed tactics. In late October, 1978 it served a similar subpoena duces tecum on Bagley, requiring him to produce a number of documents covered by Judge McManus' February 13 protective order. Bagley moved to dissolve the protective order and IBP opposed the motion. By order filed November 24, 1978 the district court granted Bagley's motion and partially lifted the protective order to the extent necessary to allow Bagley to comply with the subpoena. It is from this order that IBP appeals.

In a telephone conversation John M. Fitzgibbons, Special Counsel to the Subcommittee, was apprised of the district court's order the day it was entered. On November 27 a Subcommittee investigator, Nick Wultich, appeared at the office of Bagley's counsel and took physical possession of seven boxes of documents.

¹ In addition to the two subpoenas served by the Subcommittee on SBA and SBIC Authority and General Small Business Problems, two subpoenas were served by the Subcommittee on Oversight and Investigation of the Interstate and Foreign Commerce Committee of the House of Representatives. The latter subcommittee is not involved in the instant case.

IBP's counsel learned of the order on November 28 and subsequently learned that the Subcommittee had acquired the documents. On November 30 IBP filed a notice of appeal from the order lifting the protective order. On December 4 IBP filed a motion for a stay and other appropriate relief in this court. By order dated December 4 Judge Henley stayed the district court order pending a hearing before a panel of the court and recited an agreement whereby the Subcommittee and its staff would take no action with respect to the documents until, and including, December 16. The matter came on for a hearing before this panel on December 12, and on December 14 we issued an order denying the motion for a stay, but ordering the appeal expedited. *Iowa Beef Processors, Inc. v. Hughes A. Bagley*, No. 78-1855 (8th Cir. Dec. 14, 1978).

Despite the strenuous efforts of counsel to persuade us otherwise, we find that the case in its current posture presents a relatively narrow question, *i.e.*, did the district court abuse its discretion in granting Bagley's motion to lift the protective order? Prior to addressing this question, however, we must first examine our jurisdiction.

II.

The district court order partially lifting the protective order is clearly not a "final decision" as that term is used in 28 U.S.C. § 1291, because the order is not "one which ends the litigation . . . and leaves nothing for the court to do but execute the judgment." *Catlin v. United States*, 324 U.S. 229, 233 (1945). Thus, unless the order falls within a statutory or judicially-created exception to the finality doctrine, appellate review at this time is premature.

The order is not appealable under the Interlocutory Appeals Act, 28 U.S.C. § 1292. The order is not one granting or denying an injunction under § 1292(a)(1) nor did IBP move for certification under § 1292(b).

IBP argues that the order partially lifting the protective order is a "collateral order" within the meaning of *Cohen v. Beneficial Industrial Loan Corp.*, 337 U.S. 541 (1949). Most courts, including this one, have held that orders compelling the production of documents or testimony are not appealable as collateral orders or otherwise. See, e.g., *Miller v. Reighter*, No. 78-1276 (8th Cir. Sept. 20, 1978); *Gialde v. Time, Inc.*, 480 F.2d 1295 (8th Cir. 1973); *Childs v. Kaplan*, F.2d 628 (8th Cir. 1972); *Borden Co. v. Sylk*, 410 F.2d 843 (3d Cir. 1969); *Paramount Film Distributing Corp. v. Civil Center Theatre, Inc.*, 333 F.2d 358 (10th Cir. 1964). We view an order partially lifting a protective order as the functional equivalent of an order compelling production of documents or testimony and find the reasoning of the above-listed cases to be persuasive in this case. As the court observed in *Borden Co. v. Sylk*, *supra*, 410 F.2d at 845-46:

We have detected what appears to be an irresistible impulse on the part of appellants to invoke the 'collateral order' doctrine whenever the question of appealability arises. Were we to accept even a small percentage of these sometime exotic invocations, this court would undoubtedly find itself reviewing more 'collateral' than 'final' orders.

* * *

Every interlocutory order involves, to some degree, a potential loss. That risk, however, must be balanced against the need for efficient federal judicial administration as evidenced by the Congressional prohibition of piecemeal appellate litigation. To accept the appellant's view is to invite the inundation of appellate dockets with what have heretofore been regarded as nonappealable matters.

Accordingly, we hold that we have no appellate jurisdiction. This does not, however, end our consideration of possible bases of jurisdiction.

As an alternative to appellate jurisdiction, IBP contends that this is an appropriate case for us to invoke our dis-

cretionary writ-issuing authority under the All Writs Act, 28 U.S.C. § 1651(b),² and issue a writ of mandamus compelling reinstatement of the protective order and/or return of the documents.³

We begin by noting that the power conferred by the All Writs Act "is meant to be used only in the exceptional case where there is clear abuse of discretion or 'usurpation of judicial power.'" *Banker Life & Cas. Co. v. Holland*, 346 U.S. 379, 383 (1953). In addition, invocation of power under the Act must be carefully circumscribed, lest appellate courts find themselves reviewing "nonappealable orders on the mere ground that they may be erroneous." *Will v. United States*, 389 U.S. 90, 98 n.6 (1967). Bearing in mind these salutary and well-established restrictions, we nevertheless conclude that this case presents an appropriate occasion for us to invoke our power under the All Writs Act.

First, a number of courts, including this one, have found mandamus to be an appropriate vehicle to review orders compelling the production of documents or testimony claimed to be privileged or covered by other more general interests in secrecy. See, e.g., *Diversified Industries, Inc. v. Meredith*, 572 F.2d 596 (8th Cir. 1978) (en banc) (attorney-client privilege); *Usery v. Ritter*, 547 F.2d 528 (10th Cir. 1977) (disclosure of

² The Act provides:

The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.

³ Although we have occasionally treated a notice of appeal as a petition for a writ of mandamus, see, e.g., *Wilkins v. Erickson*, 484 F.2d 969, 971 (8th Cir. 1973), we emphasize that we will not do so as a matter of course in every case where questions about appellate jurisdiction are raised. In cases such as the instant one, however, where the propriety of mandamus was raised from the outset, where the mandamus issue has been fully briefed, and where the interests of the district court have been actively presented, the notice of appeal may properly be treated as a petition for a writ of mandamus.

identity of informer in FLSA case); *Breed v. United States Dist. Ct.*, 542 F.2d 1114 (9th Cir. 1976) (disclosure of personnel and inmate files of state youth authority); *Pfizer, Inc. v. Lord*, 456 F.2d 545 (8th Cir. 1972) (attorney-client privilege); *United States v. United States Dist. Co.*, 444 F.2d 651 (6th Cir. 1971); *aff'd*, 407 U.S. 297 (1972) (disclosure to conspiracy defendant of his monitored conversations); *Harper & Row Publishers, Inc. v. Decker*, 423 F.2d 487 (7th Cir. 1970), *aff'd by an equally divided court*, 400 U.S. 348 (1971) (attorney-client privilege); *Hartley Pen Co. v. United States Dist. Ct.*, 287 F.2d 324 (9th Cir. 1961) (disclosure of secret formula acquired under license forbidding disclosure). In this case, IBP claims that the documents disclosed to the Subcommittee are covered by the attorney-client privilege and/or constitute trade secrets in the nature of confidential business information.⁴

Second, the unique circumstances in which disclosure of these materials was allowed give rise to serious policy considerations which we deem sufficiently compelling to require immediate appellate attention. The parties have not cited, nor has our research disclosed, any case involving comparable facts. In addition to the uniqueness of the problem, it appears that the Subcommittee is engaged in an ongoing investigation. Because it is not inconceivable that other material generated in connection with this litigation may be sought by the Subcommittee, the questions presented here may well recur prior to any opportunity to review a final judgment.

Having found this case to be appropriate for review by way of mandamus, we turn to the merits of the district court's order.

⁴ The order of February 13 granted IBP's motion for a protective order only to the extent that the material in question constituted confidential business information. In the same order, the district court rejected IBP's claim of attorney-client privilege. Accordingly, we are concerned solely with the question of allegedly confidential business information.

III.

On February 13, 1978 the district court entered a protective order restricting use of IBP business information to defense counsel in the instant case and to Cochrane and Hawkins for the purposes of the Texas antitrust cases. In so doing, the court implicitly conceded that any further disclosure would unduly harm IBP.⁵ Yet, on November 24, without any showing that intervening circumstances had in any way obviated the potential prejudice to IBP, the court allowed disclosure of these documents to the Subcommittee without any constraints on the Subcommittee's use thereof.

Even more important than this abrupt and unexplained turnabout is the fact that the documents ordered disclosed to the Subcommittee were an important part of the subject matter of the underlying lawsuit. That is, IBP alleged that Bagley had breached both contractual and fiduciary obligations to IBP by disclosing the contents of these documents and sought an injunction preventing further disclosure and compelling the return to IBP of all such documents. In these circumstances, the district court should have maintained the status quo by carefully limiting disclosure of these documents pending determination of the merits of IBP's claim. The court's order allowing disclosure to the Subcommittee, without any limitation on its use of the documents, could well render moot in part IBP's claims for relief in the underlying lawsuit.⁶

On this record, then, we are compelled to conclude that the district court's order partially lifting the protective order was a clear abuse of discretion. Accordingly, we grant the petition for

⁵ The party requesting a protective order must initially show that the information sought to be protected is within the scope of Rule 26(c) and that he might be harmed by its disclosure. 8 C. WRIGHT & MILLER, FEDERAL PRACTICE AND PROCEDURE, § 2043 at 300-01 (1970).

⁶ We, of course, express no opinion as to the merit, if any, of IBP's claims for relief in the underlying lawsuit.

a writ of mandamus, vacate the district court's order of November 24, and remand the case with instructions to reinstate in full the protective order entered February 13.⁷

We now turn to the Subcommittee and the relief sought against it by IBP. At the outset, it should be noted that the Subcommittee is not a party to the underlying litigation nor a party to this appeal.⁸ Nevertheless, IBP requests that we order the Subcommittee to return the documents in question to the district court and to refrain from revealing the contents of those documents.

IBP's argument in this regard is premised on the allegation that the Subcommittee acquired the documents in an unlawful manner. IBP argues that Rule 62(a) of the Federal Rules of Civil Procedure operated automatically to stay the order partially lifting the protective order for a period of ten days and that the Subcommittee's "seizure" of the documents three days after the November 24 order violated the protective order.

⁷ Out of what is, perhaps, an overabundance of caution, we emphasize that this opinion should not be construed as meaning that review by way of mandamus is available whenever a district court compels disclosure of material claimed to be protected by privilege or other interest in confidentiality. The rationale for invoking mandamus in such situations is twofold: (1) disclosure of the allegedly privileged or confidential information renders impossible any meaningful appellate review of the claim of privilege or confidentiality; and (2) the disclosure involves questions of substantial importance to the administration of justice. Cf. *Harper & Row Publishers, Inc. v. Decker*, *supra*, 423 F.2d at 492. Where the case involves the attorney-client privilege, the importance of the privilege itself may serve to satisfy the second requirement. *Id.* In other cases where the claim of confidentiality is not so intrinsically a part of the administration of justice, some further showing is required. In the instant case, this showing has been made by the unique facts of this case (essentially making the case one of first impression), the possibility that similar disclosure will be sought prior to final judgment, and the fact that the allegedly confidential documents are themselves the subject matter of the underlying lawsuit.

⁸ Special Counsel to the Subcommittee, John M. Fitzgibbons, appeared specially to brief and argue the case before this court.

Rule 62(a) provides, in pertinent part:

Except as stated herein, no execution shall issue *upon a judgment* nor shall proceedings be taken for its enforcement until the expiration of 10 days after its entry. (Emphasis added.)

The term "judgment" is defined in Rule 54(a), which reads in pertinent part:

Judgment as used in these rules includes a decree and any order from which an appeal lies.

As we have noted, no appeal lies from the district court's order of November 24 and, accordingly, the automatic ten-day stay provision of Rule 62(a) does not apply in this case. The Subcommittee's action in taking possession of the documents thus was not in violation of the protective order.

Because the Subcommittee has neither been made a party to this litigation nor acted in such a manner as to violate an existing court order, we find no basis on the record now before us to compel the Subcommittee to return the papers it acquired as a result of its subpoena.

IV.

We are aware that this opinion is probably not the final word in this controversy. As we have noted, however, the scope of our inquiry at this stage is severely limited. Any further action in this matter should be pursued in a district court of competent jurisdiction⁹ or before the Subcommittee itself.

⁹ At least one court has held that jurisdiction and venue in actions against congressional committees and their members are normally proper in the United States District Court for the District of Columbia. See *Liberation News Service v. Eastland*, 426 F.2d 1379 (2d Cir. 1970).

We are also cognizant of the fact that this dispute has, at least in part, passed into the political arena. Indeed, from the very beginning, it was apparent that non-jurisprudential considerations have played an important part in the parties' litigation strategy. We dare to suggest that those concerned would have been well-advised to have worked out an arrangement among themselves which would take into account the competing interests, rather than attempting to foist upon this court the responsibility for resolving questions which are either beyond the scope of appellate judicial authority or outside the meager record of this case.

V.

The petition for a writ of mandamus is granted, the district court order of November 24, 1978 is vacated, and the case is remanded to the district court with instructions to reinstate in full the protective order entered on February 13, 1978.

A true copy.

Attest:

CLERK, U.S. COURT OF APPEALS, EIGHTH CIRCUIT.

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

No. 208—August Term, 1978.

(Argued November 22, 1978 Decided February 9, 1979.)

Docket No. 78-6102

UNITED STATES OF AMERICA

Petitioner-Appellant,

-v.-

GAF CORPORATION

Respondent-Appellee,

EASTMAN KODAK COMPANY,

Intervenor-Appellee.

Before:

MULLIGAN AND GURFEIN, *Circuit Judges,*
and WEINSTEIN, *District Judge.**

Appeal from an order of the District Court for the Southern District of New York, Richard Owen, *Judge*, denying a petition by the United States for enforcement of an antitrust civil investigative demand ("CID") against the GAF Corporation for documents GAF had obtained in litigation from

* The Honorable Jack B. Weinstein, U.S. District Judge, for the Eastern District of New York, sitting by designation.

Eastman Kodak Company, the target of antitrust investigation, on the ground that the statute does not authorize such enforcement. The Court of Appeals held that the District Court has power under the amended Antitrust Civil Process Act to enforce issuance of a CID for documents obtained in prior discovery and for memoranda based thereupon, but that such documents are, nevertheless, subject to protective orders by the District Judge to whom the civil litigation has been assigned. The District Judge should entertain an application to modify existing protective orders in conformity with the opinion.

Reversed and remanded.

ROBERT J. WIGGENS, Department of Justice, Washington, D.C. (John R. Shenefield, Assistant Attorney General, and Barry Grossman and Ralph T. Giordano, Department of Justice, Washington, D.C. of counsel), *for Petitioner-Appellant*.

STEPHEN M. AXINS., New York, N.Y. (Irene A. Sullivan, Skadden, Arps, Slate, Meagher & Flom, New York, N.Y. of counsel), *for Respondent-Appellee*.

RICHARD E. CARLTON, New York, N.Y. (Jerrold J. Ganzfried, Sullivan & Cromwell, New York, N.Y. of counsel), *for Intervenor-Appellee*.

GURFEIN, *Circuit Judge*:

This is an appeal by the United States from an order of the District Court for the Southern District of New York (Hon. Richard Owen) denying a petition by the United States for

enforcement of a civil investigative demand ("CID") upon GAF Corporation ("GAF"). *United States v. GAF Corp.*, 449 F. Supp. 351 (1978). The amended Antitrust Civil Process Act, 15 U.S.C. § 1311 *et seq.*, authorizes the Department of Justice to issue civil investigative demands to obtain from third parties documents relevant to suspected antitrust violations committed by the target of investigation. The target here is intervenor, the Eastman Kodak Company ("Kodak").

The central issue is whether the Department of Justice may, by issuing a CID, obtain from a private antitrust plaintiff (GAF) documents which the latter has received through discovery proceedings in a private action against the target of the antitrust investigation (Kodak), together with work memoranda prepared on the basis of those documents. Resolution of that issue involves construction of the 1976 Amendments to the Antitrust Civil Process Act, 15 U.S.C. § 1311 *et seq.*, and their effect upon a protective order in the original private suit that restricts the Government's access to the product of that litigation's discovery.¹

On January 29, 1976, before the enactment of the Amendments mentioned,² GAF Corporation, plaintiff in an antitrust action brought against Kodak in the Southern District of New York (Hon. Marvin E. Frankel), sought permission from the trial judge to transmit to the Justice Department some fifty-two documents that had been secured through discovery, together with a memorandum of analysis of the documents. Although only two of the documents remained classified under a prior order, former Judge Frankel, on May 18, forbade GAF to turn over any of the fifty-two documents (and by implication the memorandum based upon them). *GAF Corp. v. Eastman*

¹ In *Aluminum Company of America v. Department of Justice*, 444 F. Supp. 1342 (D.D.C. 1978) (Gasch, J.) a CID was the subject of Litigation, but no question was involved concerning the use of a CID in seeking documents already discovered in private litigation.

² The Amendments were not enacted until September 30, 1976, 90 Stat. 1363.

Kodak Co., 415 F. Supp. 129.³ The District Judge reasoned that the initial discovery process had been aided by a cooperative relinquishment on Kodak's part pursuant to an explicit understanding that discovery was being given solely for use in the case. It is interesting to note, however, that there was no clearcut understanding, as my dissenting brother Mulligan seems to assume, that the parties deliberately excluded the Government in their "explicit agreement." For Judge Frankel put it this way:

There is no need to conjecture whether either side construed or considered this understanding with particular inference to the Government as a prospective recipient of discovered papers.

415 F. Supp. at 131.

The Judge declared that the Government's interest was "in use of these materials for potential 'law enforcement' purposes not clearly specified or specifiable in advance." 415 F. Supp. at 130. Moreover, recognizing that the real value of GAF's "gift" to the Government lay in the legal labors expended in the selection and analysis of relevant documents, Judge Frankel expressed concern about the potential for oppression in an alliance between private and Government resources directed against Kodak, particularly in "the use of private discovery as a possible supplement to federal grand jury proceedings." 415 F. Supp. at 133.

Almost on the heels of this decision, but without taking note of it, Congress passed the Hart-Scott-Rodino Antitrust Improvements Act of 1976, P.L. 94-435 (Sept. 30, 1976), which, among other things, expanded the Justice Department's authority to issue CIDs for information relevant to the investigation of possible antitrust violations. Whereas previously

³ Judge Frankel has since resigned from the bench. The GAF Kodak case has been transferred to the docket of the Hon. Lawrence W. Pierce.

CIDs could be issued only against the target of an investigation, the Amendments conferred authority to issue a demand against "any person" possessed or in custody of "documentary material" or "information" (e.g., oral testimony) relating to a civil antitrust investigation, 15 U.S.C. § 1312(a). Equipped with this enlarged grant of power, the Justice Department began a fresh effort to obtain GAF's Kodak materials. It issued two CIDs: (1) against GAF for the materials originally sought before Judge Frankel, including the analyses of discovered documents, as well as the other documents GAF received in discovery from Kodak *plus* indices and (2) against Kodak for relevant papers not given to GAF. Kodak offered to supply all the requested documents to the Government itself, presumably in the hope that the Government would make its own *de novo* evaluation of whether there is a tenable claim against Kodak, free from GAF influence. The Antitrust Division, though it was anxious to obtain the documents, declined Kodak's offer because it preferred to receive the documents "as screened and analyzed by GAF's antitrust counsel." See *United States v. GAF Corp.*, *supra*, 449 F. Supp. at 352-53. The Government then petitioned for enforcement of its CID against GAF in the District Court below, 15 U.S.C. § 1314. *United States v. GAF Corp.*, *supra* (Hon. Richard Owen).

Judge Owen denied the petition based upon his interpretation of the amended Antitrust Civil Process Act as precluding a demand for documents of a target company that are temporarily in the custody of a litigation adversary, obtained through discovery. The court recognized that a literal reading of amended § 1312(a) favored the Government's position. It reasoned that if the statute were to be read literally, however, the provision in § 1313(a)(3) must also be read literally. That subsection provides that no material obtained by CID may be made available for examination by anyone other than the Department of Justice "without the consent of the person *who produced* such material, etc." (emphasis added).

The court thought that, interpreted literally, this would mean that GAF, as "the person who *produced* such material," could consent to its further examination by strangers without the permission of *Kodak*. That result, of course, would place *Kodak's* interest in the privacy of its business documents at the mercy of its adversary and competitor. The Judge held accordingly that since Congress did not specifically authorize CIDs for documents obtained from the target in the course of litigation nor provide explicit protection for the target's interest in their confidentiality, the authority granted to the Department of Justice with respect to third parties should be limited to materials obtained by such third parties in the regular course of their business, excluding materials obtained by discovery in litigation. Finally, the Judge concluded that it would be unfair to *Kodak* for the Government to have its investigative course suggested, at least partially, by a private adversary litigant. At the same time, the judge acknowledged the "potentially enormous saving of time and expense to Antitrust Division personnel who would otherwise have to review the same plethora of initial material. . . ." 449 F. Supp. at 359.

I.

Though we think the reasoning of the court below is not without some appeal, we have concluded that we can find no manifestation of congressional intent to place materials obtained in discovery—or analyses based thereupon—outside the grant of power for enforcements of CIDs.

The fundamental dispute here is whether the Justice Department may—with GAF's consent and even encouragement—seek the product of *GAF's legal analysis* of *Kodak*

papers. Both the language of § 1312⁴ ("any person" and the legislative history evince a congressional intent to provide the Department of Justice—through the Amendments—with broad civil antitrust investigatory powers, subject only to important and particular safeguards against abuse of privacy or other interests. Congress recognized that CIDs would be used to collect basic information on the behavior of the market and its actors—data such as are found in *Kodak's* original documents. See H. Rep. 94-1343, 94th Cong., 2d Sess. 7, 23 (1976); S. Rep. 94-803, 94th Cong., 2d Sess. 15-16 (1976). But the CID power was not to be limited to acquisition of factual data. The legislative history shows that Congress contemplated that the Government would use its power to issue demands for the purpose of gaining "expert opinion" from customers, trade associations, suppliers and competitors. S. Rep. 94-803 at 19. Thus, CIDs were made available for use in gathering third-party analyses, as well as relevant information. *Id.* at 19-20. There is nothing in the legislative history which indicates that an *analysis* of documents as a commentary on the antitrust implications of those documents should be expected from the reach of the CID power.

⁴ 15 U.S.C. §1312 now reads as follows:

Civil investigative demands—Issuance; service; production of material; testimony

[a] Whenever the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice, has reason to believe that any person may be in possession, custody, or control of any documentary material, or may have any information, relevant to a civil antitrust investigation, he may, prior to the institution of a civil or criminal proceeding thereon, issue in writing, and cause to be served upon such person, a civil investigative demand requiring such person to produce such documentary material for inspection and copying or reproduction, to answer in writing written interrogatories, to give oral testimony concerning documentary material or information, or to furnish any combination of such material, answers, or testimony.

The contention that the Antitrust Civil Process Act permits collection of "neutral" views only, but not of "biased" opinion, such as that generated by litigation adversaries, is simply not tenable. Congress emphasized the usefulness of the CID when it is directed against competitors or the possibly aggrieved customers of the target of the investigation, *see* H. Rep. 94-1343 at 7; S. Rep. 94-803 at 19-20; surely such parties were not expected to be free from bias. Indeed, Congress grappled with and disposed of the bias question when it rejected arguments that target companies should have the opportunity to be present at the depositions of third parties. S. Rep. 94-803 at 20-21. In short, we find nothing in the legislative history that places this subject matter or this party outside the scope of the statutory antitrust civil process, subject to proper safeguards.

The Government often relies on complainants and informants with a personal stake in the outcome to aid in its investigation. The assumption is that if there is self-interest or even prejudice in the help afforded, the Government officials will not be poisoned, but will perform their statutory duty in an ethical manner. *Cf. Hyster Co. v. United States*, 338 F.2d 183, 186 (9th Cir. 1964). In the search for truth the Government is entitled to the help of every citizen. Indeed, if ultimately the Government concludes that Kodak has committed no antitrust violation, it will be to the benefit of Kodak to have a speedier end to the investigation than would have otherwise occurred. As the Department of Justice wrote to Chairman Rodino when the bill was pending before a subcommittee of the House Judiciary Committee:

It is important to remember that the Department's objective at the pre-complaint stage of the investigation is not to "prove" its case but rather to make an informed decision on whether or not to file a complaint. In over 80% of our investigations in which CIDs are issued[under the old law before the 1976 amendments], we ultimately decide not to file a case.

H. Rep. 94-1343 at 26. If GAF's analysis should seem to present its very best foot forward, and that should fail to impress the Department of Justice, a result satisfactory to Kodak could conceivably be reached at an early stage.

What is of unique value to the Government in obtaining Kodak documents from GAF is that they have been exposed to sifting and study by GAF's attorneys. By requesting selected materials and indices, as a guide to further inquiry, the Justice Department hopes to gain easier access to the critical facts. Similarly, analytical memoranda turned over by GAF can be of assistance in the interpretation of the accumulated data.

We turn, then, to Judge Owen's understandable concern lest the confidentiality of the Kodak records turned over by GAF be subject to disclosure by the Government to outsiders, without Kodak's authorization, on the ground that Kodak would not actually be considered the "person who *produced* such material." That concern was premised on a literal reading of § 1313(c)(3) as conferring the power of consent over further disposition of documents in Government hands only upon the party which physically yielded them under a CID. But we construe § 1313(c)(3) differently, as vesting that authority to consent in the real party in interest—the owner of the documents—rather than in a party who, having temporary possession of papers for a limited purpose, physically transmits them to the Government. Our construction of § 1313(c)(3) is compelled in order to make sense of Congress' explicit approval of the issuance of CIDs against agents with temporary custody of corporate papers. *See* S. Rep. 94-803 at 14-15. It is highly implausible that Congress intended that when a CID is directed against a former target company employee who has retained possession of some of the target's documents, the employee should have the legal authority to give the only effective consent required for further distribution because he happens to be the "person who [literally] *produced* such material." By the same token, we do not read § 1313(c)(3) as vesting sole authority to consent to disclosure in an entity in temporary custody of

documents because of litigation. A company like Kodak, as the real party in interest, should be deemed to have been the "person who produced" the documents⁵ for purposes of the consent required.⁶

In any event, it has been held that a CID may be subjected to a protective order by the court which is asked to enforce it, *Aluminum Company of America v. Department of Justice*, *supra*, and we agree. See H. Rep. 94-1343 at 10. Thus, the danger that the Government may show the materials to strangers can be judicially controlled by a condition to the enforcement order. An enforcement order in this case, accordingly, should specifically prohibit the Government from any further disclosure without the consent of Kodak as the "producer" of documents under § 1313(c) (except to GAF counsel who have already seen the documents).

Kodak cites only one case which, it believes, supports by analogy its claim that an administrative agency's powers (like those of the Department of Justice) are not broad enough to obtain documents held pursuant to previous discovery in a civil suit. *Zenith Radio Corp. v. Matsushita Electric Indus. Co.*, 1978-1 Trade Cases ¶ 61,961 (E.D. Pa. 1976). The District Court in *Zenith* did deny to the International Trade Commission the right to enforce an investigative demand for discovered documents, but the denial was based upon a determination that the documents were or should be under a protective order, not that the Agency lacked power to demand discovered documents. The case is, therefore, irrelevant to our resolution of the question of construction of the statutory power of Justice to issue a CID for discovered material.

⁵ This would include GAF memoranda revealing the nature and content of the Kodak documents. See note 11, *infra*.

⁶ Indeed, though the papers in dispute were not literally "produced" by Kodak, Judge Owen quite sensibly permitted Kodak to intervene in the enforcement proceeding against GAF, because its interests were involved. Compare 15 U.S.C. § 1314(a) and (b).

Finally, we observe that we think it unlikely that private litigants will hold back discovery in what are already serious treble damage suits merely because of an additional threat of a CID directed to an adversary for discovery by the Antitrust Division. Nor are we impressed with the vague suggestion that if the Government obtains copies of documents during the course of litigation, that will somehow obstruct the management of the private litigation. If there should be any attempt at real oppression, the District Courts are competent to prevent its consummation in their discretionary authority.

II.

As previously noted, except where inconsistent with the context of the Antitrust Civil Process Act, enforcement of a CID may be resisted on the same grounds as enforcement of a subpoena in ordinary civil litigation. See 15 U.S.C. § 1312(c)(2), *Aluminum Company of America*, *supra*, 444 F. Supp. at 1345-46. Here GAF has asserted no objection to turning over the product of its legal labor. The only basis for prohibiting enforcement of the CID is that some or all of the Kodak documents held by GAF are under a protective order that specifically precludes Government access.⁷ See *Zenith Radio Corp. v. Matsushita Elec. Indus. Co.*, 1978-1 Trade Cases § 62,019 (E.D. Pa. 1978) (court will not enforce a subpoena of documents under protective order in a separate administrative proceeding); *Union Carbide Corp. v. Filtrol Corp.*, 278 F. Supp. 553, 555-56 (C.D. Cal. 1967) (court conditions discovery of depositions taken in another case upon vacation or modification of protective order of court in which depositions originally taken); cf. *Olympic Refining Co. v. Carter*, 332 F.2d 260, 262 (9th Cir.), *cert. denied*, 379 U.S. 900 (1964) (effort to vacate

⁷ Although we have in view primarily Judge Frankel's general protective order of May 18, 1976, our discussion in this section applies with equal force in any prior protective orders still outstanding.

protective orders in one proceeding as predicate to discovery in another); *American Security Co. v. Shatterproof Glass Corp.*, 20 F.R.D. 196 (D. Del. 1967) (same).

The existence of an outstanding protective order is not in itself fatal to the Government's effort to obtain the documents. Such orders are subject to modification to meet the reasonable requirements of parties in other litigation, for example. See *Ex parte Upperca*, 239 U.S. 435 (1916) (directing lower court to permit sealed documents to be obtained by non-party to original litigation); *Olympic Refining Co. v. Carter*, *supra*.

An application for the modification of an existing protective order normally should be made to the judge who is in control of the private litigation in which it is still pending.⁸

Partial retention of the protective order against transmission of papers to the Department of Justice because of an alleged continued need for confidentiality against the Government lies in the discretion of the District Judge.⁹ Beyond this, however, to give added force to our interpretation of § 1313(c), an order enforcing the CID should be conditioned specifically, as we have indicated, upon the Government's agreement that, *to the extent that the statute requires consent for further Government disclosure of documents obtained by CID to outsiders, Kodak will be treated as the "person" whose consent*

⁸ In the future, the District Court might consider a direction to its Clerk to treat any application for enforcement of CID under 15 U.S.C. § 1314 for discovery of litigation documents in a pending civil action as a related case to be assigned to the judge handling that action.

⁹ Any partial continuation against the Government of the protective order should be predicated upon a particular showing of the need for protection of specific materials, so that the statutory power we have upheld will not be defeated by a too narrow application in the particular case.

is required.¹⁰ That will apply to Kodak-originated papers obtained by the Government from GAF memoranda which are based upon or related to those Kodak-originated papers.¹¹ A list of all Kodak documents turned over to the Government by GAF should be given to Kodak.

In sum, we hold that, as a matter of statutory authority, a CID may be enforced against a party for documents which it has obtained from the target in discovery. We uphold the power of the District Court, however, to superimpose upon any enforcement orders such protective orders as may be required to safeguard the interests of the parties in the particular circumstances. See *Aluminum Company of America v. Department of Justice*, *supra*.

Reversed and remanded for further proceedings in conformity with this opinion.

MULLIGAN, *Circuit Judge*, dissenting:

I respectfully dissent. My brother Gurfein has fully and fairly set forth the facts which in any event are not really disputed. When GAF brought its antitrust action against

¹⁰ Section 1313(c) does permit the Government to reveal materials obtained by a CID in the course of taking oral testimony without the consent of the "person" who produced them. The District Court may, however, in its discretion, subject individual documents passed on to the Government to an order barring unconsented use of such documents in the deposition process. That sort of order—which creates a further safeguard for confidentiality than that provided under § 1313(c)—would be available upon a demonstration that extraordinary protection should be afforded to designated materials because of their special confidential nature or in other interests of justice.

¹¹ We emphasize that disclosure to outsiders of the GAF memoranda will not only require Kodak's permission but also the consent of GAF, since it has a significant interest in the disposition of the fruits of its work. Similarly, the disclosure to Kodak of the GAF memoranda by the Government would require the consent of GAF.

Kodak in 1973, counsel for both parties entered into an explicit agreement that Kodak would produce documents at the discovery stage but solely for the purposes of that suit and no other. Pursuant to that understanding Kodak surrendered some 400,000 documents and GAF counsel and economists dutifully indexed and analyzed them to determine their antitrust significance. We were advised on the oral argument of this appeal that this exercise cost GAF some two million dollars. When the Antitrust Division of the United States Department of Justice in 1976 indicated its interest in the documents and naturally in the professional opinion of the stable of cognoscenti assembled by the plaintiff, GAF was understandably anxious to provide them. Judge Frankel, however, held that the documents, the indices and the interpretative comments were by express agreement to be utilized solely for the purposes of the private lawsuit. *GAF Corp. v. Eastman Kodak Co.*, 415 F. Supp. 129 (S.D.N.Y. 1976). No one seems to question the propriety of the protective order which he issued. Subsequently, Congress enacted the Antitrust Improvements Act of 1976, P.L. 94-435, which *inter alia* permitted the Government to issue a Civil Investigative Demand (CID) against non-target persons who were in possession of "documentary material" or "information" which related to a civil antitrust investigation.

The Department of Justice thereupon served GAF with a CID requesting the Kodak documents as well as the analyses of the GAF experts whether in final or draft form. While GAF was obviously eager to comply, it was understandably concerned with Judge Frankel's protective order. Despite the passage of the Amendments, GAF resisted the demand, precipitating this litigation. Served with a similar CID, Kodak did not resist and remains perfectly willing to supply all documents sought by the Government. The Department of Justice, however, was not interested in the Kodak documents but covets the analyses of GAF antitrust counsel and economists. When Kodak sought to intervene in the "friendly" law suit brought by

the United States against GAF, both parties initially objected. Judge Owen, realizing that there was no justiciable controversy absent a party with an interest adverse to that of the Government, permitted Kodak's intervention. GAF, which has filed its brief and argued as an appellee now in alliance with its purported adversary, seeks a *reversal* of his decision, which in effect sustained the prior protective order in the face of the Antitrust Improvements Act of 1976. This is a peculiar posture indeed for an appellee, but the intervention of Kodak, I presume, preserves justiciability.

In any event I think Judge Owen reached the proper conclusion. GAF is not, as the majority would have it, merely a competitor-informant, a good citizen, surrendering information obtained in the ordinary course of business to a governmental regulatory agency. The documentation it has collected and the self-serving analyses which this permitted, were provided with the understanding that they were to be used only in that private litigation. This has been judicially determined and is undisputed. I fail to understand how a statute subsequently enacted by Congress may be interpreted to void the terms of an agreement freely entered into by sophisticated parties several years prior to its passage. On the contrary, it is in the ultimate interest of the Government and business that such agreements, which are perfectly lawful and equitable, be now observed and respected. I see nothing in the Act or in its legislative history which would permit the evisceration of such an agreement. I would not contort the statute to reach what appears to me a perverse result unless there be a clear expression of congressional intent that prior agreements between parties were to be abrogated. There is none.

The Government argues in effect that it will save the taxpayers millions of dollars if it has the advantage of the GAF analysis. At the same time it argues that it will not be deterred from an objective analysis despite the obvious partiality of the GAF interpretation. How much it will cost the Government to make a contrary analysis and balance the scales we are not told.

The question of money seems to me to be totally irrelevant since the issue involves a basic question of business morality and the observance of contract provisions. In view of the highly sophisticated and complicated issues obviously involved, I believe it would be more appropriate for the Government, which has been given complete access to the Kodak documents, to make its own *de novo* and unjaudiced determination of monopolization, if there be any. When the private action is tried and determined the Government will have access to the record and the expert opinion it seeks. I do not believe there is any peril to the Republic if the Government waits until the private attorneys general proceed to enforce the Sherman Act. This course also permits the parties to observe the terms of their discovery agreement. I would therefore affirm.

APPENDIX D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

LITTON SYSTEM INC., et al.,

Plaintiffs,

- against -

76 Civ. 2512 (WCC)

DISCOVERY ORDER NO. 40
MEMORANDUM DECISION

AMERICAN TELEPHONE AND
TELEGRAPH COMPANY, et al.,

Defendants.

NEW YORK TELEPHONE CO., et al.,

Counterclaimants,

- against -

LITTON SYSTEMS INC., et al.,

Counterdefendants.

SINCLAIR, *Magistrate:*

The United States has renewed its request for the opportunity to obtain information disclosed to plaintiffs herein pursuant to the Protective Order Governing Pretrial Discovery herein. Further, the government seeks authorization for free and full intercourse with counsel for plaintiffs. The purpose of these proposals is said to be streamlining of trial preparation of the government's case against AT&T, pending before Judge Harold Green in the United States District Court for the District of Columbia.

The principal features of the procedural history of this action are summarized in defendants' opposition papers, set out in part in the appendix hereto. Having received copies of the voluminous documents produced by defendants in this case, as well as those produced in *MCI Communications Corp. v. AT&T, et al.*, Civil Action No. 74-633 (pending in the District Court for the Northern District of Illinois), the Antitrust Division now seeks access to the broader materials requested in

its September 14 letter of Judge Conner but not included in its September 18 motion to this Court, *i.e.*, a full exchange of all discovery and of work product. Analysis suggests that the request should be denied.

DISCUSSION

Defendants begin their argument with a valid historical perspective: the grand reforms of 1939, which launched the era of formalized discovery, were a limited abrogation of the adversary system's reliance on the trial arena as a self-sufficient engine for discovery of the truth in particular cases. To end "trial by surprise," limited pretrial disclosures were institutionalized. In a very real sense, the purpose of the discovery rules was to permit a flexible but open preparation, in each case tailored to the context at bar.

The attempt to use discovery products from one case in other actions thus gives rise to threshold concerns. These concerns are raised to a more critical plane when concepts of confidentiality, protective orders (consensual or court-imposed) and reliance are introduced. The final element to be considered is the interplay between private litigants and government counsel as that relationship bears on the allocation of society's resources, the limits of a private advocate's function as surrogate attorney general, and concepts of fundamental fairness. These various considerations lead to the general conclusion that the government's request should be denied. There are practical and equitable considerations in the present context arising from the pendency of the government's case in *another* district which underscore the impropriety of the government request.

A. The General Issue.

In the action most familiar to the court, *Martindell v. International Tel. & Tel. Corp.*, 25 F.R. Serv. 2d 1283 (S.D.N.Y. 1978) Judge Conner concluded:

Furthermore, on principles of fairness, at least two courts in similar cases have declined governmental applications for access to discovery material where the understanding of the parties was that the material would be employed solely for the purposes of a particular litigation. [Citing *GAF* and *Zenith Radio*.] The court finds the reasoning of these cases persuasive.

Id. at pp. 1284-1285.

Other judges in this and other Courts have come to a similar conclusion. In *GAF Corp. v. Eastman Kodak Co.*, 415 F. Supp. 129 (S.D.N.Y. 1976), Judge Frankel refused to modify a protective order to permit GAF to turn over to the Antitrust Division certain documents produced by Kodak. His decision was based in part on the conditions under which discovery had proceeded in that action, but it was also rooted in more fundamental concerns about the potential for oppression created by the Government's joining forces with private litigants:

Volunteered resources employed at large private expense are added to the authorized government energies available against Kodak. That this particular defendant is a corporate giant (assailed by a plaintiff which is no pygmy) cannot obviate the unease engendered by the alliance. Congress, deciding authoritatively for all of us, has allocated resources to law enforcement, both civil and criminal. Sometimes it has given express encouragement to informants and other adjuncts. . . . It is quite another thing for a court to sanction, and thus to encourage the use of private litigants' devices as reinforcements for federal prosecutors, whether civil or criminal. The potential for

oppression, against enterprises large and small, or against individuals, is not rendered imaginary by our inability to forecast it with clarity. *Id.* at 132.

Because of this potential for oppression, Judge Frankel saw no alternative but to reject such an effort to expand the Government's power as an adversary litigant.

"We have a profound commitment to the conception of the Government as an adversary litigant, confined in its powers. Some might argue that the adversary model is overdone, perhaps in this as well as other aspects. It may be that the sometimes romantic notion of the 'private attorney general' should entail collaborative activity alongside the public attorney general. If that is to become an agreed conception, however, it should happen as a judgment of legislative policy, not as a judicial inference from rules fashioned for purposes of discovery in private litigation. Moreover, if the legislative judgment were ours, we might well conclude that the power of Government to investigate is not in clear and present need of enhancement." *Id.* at 133.

Similar sentiments for confining the Government to its prescribed powers were expressed by Judge Weinfeld in *Data Digests, Inc. v. Standard & Poor's Corp.*, 57 F.R.D. 42 (S.D.N.Y. 1972). In that case, a private litigant sought to vacate a protective order to enable it to communicate information discovered from its adversary to government authorities. In denying the application, the Court rejected the plaintiffs' argument that the protective order should be lifted "in furtherance of the public interest." *Id.* at 44. The Court specifically pointed out that the Government has the available means and power to obtain information, and that private litigants' roles as private attorneys general were not intended to bolster the Government's powers:

"The governmental authorities, whether executive or congressional, if interested in obtaining the information, have

the available means and power, subpoena and otherwise, to obtain or compel its production. The vindication of the public interest in the enforcement of the criminal law rests with the Department of Justice and not with the plaintiffs who are asserting private antitrust claims." (*Id.* at 44.)

Other district courts have been virtually unanimous in reaching the same result as this Court. See, e.g., *Zenith Radio Corp. v. Matsushita Electric Industrial Co., Ltd.*, 1978-1 Trade Cas. ¶61,691 at p. 74,069 (E.D. Pa. 1976) (production denied for use in parallel government investigation); the same result was apparently reached in *Wyly Corp. v. American Tel. & Tel. Co.*, Civil Action No. 76-1544 (D.D.C.), another pending private antitrust case against the Bell System. In *Wyly*, the plaintiffs sought to commence discovery against defendants without a protective order limiting the dissemination of discovered information, so that they would remain free to share that information with the Department of Justice and other private parties involved in antitrust litigation against the Bell System. *Wyly's* position was fully supported by the Department of Justice, which filed a memorandum urging, as it does here, that *Wyly* be permitted to share the fruits of its discovery with the Government and others in order to "reduce the burden and expense of the Government's litigation" against the Bell System. (U.S. Memo in Support of Plaintiff's Motion, p.4.) The court in *Wyly* flatly repudiated this scheme of wholesale discovery trading which the plaintiffs and the Government were seeking and entered a protective order specifically limiting the use of all discovery materials to the prosecution and defense of that case. (Order dated July 20, 1978). See generally *Milsen Co. v. Southland Corp.*, 1972 Trade Cas. ¶73,86 at p.91,619 (N.D. Ill. 1972) (discovery products limited for use in pending action); *Zenith Radio Corp. v. Matsushita Electric Industrial Co., Ltd.*, 1978-1 Trade Cas. ¶62,019 (E.D. Pa. 1978).

Against the background of these cases, the Government curiously asserts that the authority supporting its application "is overwhelming, and need not be repeated here." It relies

principally on *Williams v. Johnson & Johnson*, 50 F.R.D. 31 (S.D.N.Y. 1970), a personal injury action in which defendants sought an order prohibiting plaintiffs from divulging the materials obtained through discovery. Of course, *Williams* antedated the *Martindell*, *GAF* and *Data Digests* decisions by this Court. Moreover, defendants note, and the government has not contradicted, the proposition that *Williams* is distinguishable on four grounds. First, the information that was sought was not confidential in nature. Second, the information had not been produced in reliance on a protective order as was the case here. Third, the persons to whom the materials might be divulged were plaintiffs in personal injury actions whose resources were infinitesimal compared to those of the Government; the spectre of improperly augmenting the legislatively prescribed governmental powers that so troubled Judge Frankel in *GAF* was, therefore, not present. Fourth, the cases to which the discovery might be diverted, being personal injury cases, did not pose the tremendous problems of judicial management—particularly with respect to insuring the proper sequencing and mutuality of discovery—that inhere in a case like the Government antitrust case against the Bell System.

B. Significance of the Protective Order.

Even before the *GAF* decision, it was well established that a protective order should not be modified to permit a party which had obtained discovery pursuant to that order to use such discovery for purposes other than those for which it had properly been obtained. In *Data Digests*, *supra*, Judge Weinfield specifically repudiated an effort to circumvent an existing protective order, stating (57 F.R.D. at 44):

“The contention that the protective order should be lifted so as to enable plaintiffs to communicate the protected information to various governmental authorities in furtherance of the public interest is without substance.”

Similarly, in *Coordinated Pretrial Proceedings in Western Liquid Asphalt Cases*, 18 F.R. Serv. 2d 1251 (N.D. Cal. 1974), the court flatly rejected an effort to modify an existing protective order, pointing out not only the impropriety of such action but also the inherent unfairness that would result to the defendants.

Judge Frankel's opinion in *GAF* relied upon these decisions and reinforced the principles underlying them. While emphasizing mainly on the potential for governmental oppression created by GAF's desire to turn discovery materials over to the Department of Justice, Judge Frankel also was unequivocal in condemning as inherently unfair any attempt retroactively to modify an agreement between counsel under which discovery had already taken place. Pointing out that GAF had the documents in question “only by virtue of this law suit” and pursuant to a protective order, Judge Frankel held:

“A considerable volume of papers has been given on consent. Sometimes there has been resistance, requiring recourse to the court. Some of the issues raised in motion papers have been resolved by compromise, with or without the court's assistance. All the positions taken over the years have had presumably in view the understanding that discovery was for the party receiving it, not for strangers to the case, public or private. There is no need to conjecture whether either side construed or considered this understanding with particular reference to the Government as a prospective recipient of discovery papers It is also unnecessary, and much too late, to wonder what different views the parties might have taken of discovery questions along the way had they contemplated delivery of their papers to public officials” (415 F. Supp. at 131-32.)

For these reasons, Judge Frankel concluded that even “without more,” the existence of the protective order went a long way toward denial of GAF's request. (*Id.* at 132.)

Judge Conner's *Martindell* decision synthesized the foregoing in arriving at the conclusion that, particularly where a protective order has governed discovery, governmental request for access to the fruits shall be denied:

Significantly, in the *Eastman Kodak [GAF]* case, the understanding as to the confidentiality of numerous of the documents was referable simply to an agreement among counsel; *in the present case, in contrast, the stipulation among the parties had the imprimatur of the court, making the case for nondisclosure even more persuasive.*

25 F. R. Serv. 2d at 1285.

The Government attempts to dismiss the relevance of the protective order by suggesting that Paragraph 10 "contemplate[s] the possibility that confidential material might be disclosed at some later time to governmental officials." (Government's memorandum at 6-7.) Paragraph 10 of the protective order, however, does no more than acknowledge that a party can make an *application* to the Court to permit, on a showing of good cause, disclosure of discovered information, a right which would obviously exist as to any interlocutory court order even if it were not expressly stated:

This order is without prejudice to the rights of any party to apply for a subsequent Order permitting, on a showing of good cause, the disclosure of confidential materials to governmental officials or counsel for parties in similar actions. The affected party or nonparty shall have ten (10) days within which to respond to said application after which the Court or Magistrate shall issue its ruling granting or denying the request and if granting it prescribing any conditions deemed necessary to protect the information to be disclosed.

The Government's position, which suggests that no party could base his pretrial conduct upon *any* order which admitted of any possible modification, would subvert the discovery

process that depends heavily upon parties basing their actions upon interlocutory orders. Then too, the present request is made and pressed by the government, a non-party in this action not technically within the terms of ¶10.

The Government relies heavily on the Memorandum Decision of Judge Grady of the Northern District of Illinois in *MCI Communications Corp. v. AT&T*, Civ. Ac. No. 74-633 (N.D. Ill.) dated October 9, 1978. There the court permitted, despite the presence of a protective order, disclosure by MCI to the government of "documents, deposition transcripts and exhibits" from the MCI discovery and authorized counsel for MCI to "cooperate with the Department of Justice by furnishing any explanatory material or information which would be helpful to an understanding of the items produced." *Id.* at 6. Judge Grady's decision was based in part on the factual rejection of any promise by government counsel not to coordinate with private litigants (see *id.* at 4-6; the assertions as to any statements of Mr. Verveer are raised in the present case as well but a finding on these questions is not necessary in light of the disposition of other arguments). The principal thrust of his decision was that sharing of discovery should be encouraged in "multidistrict litigation," especially where no privilege claims have been waived. *Id.* at 2-3. Suggesting that a sophisticated litigant cannot rely on a protective order to give permanent protection when it is clearly subject to future modification by order of the court, the court required disclosure.

On December 14, 1978 the Seventh Circuit rendered an Order after expedited procedures affirming the decision of Judge Grady. *AT&T v. Grady*, 78-2316 (7th Cir. 1978). The Order, bearing on the top of the first page in bold face the legend: UNPUBLISHED ORDER NOT TO BE CITED PER CIRCUIT RULE 35, notes the "discretion of the district court" [in determining whether] "to modify existing protective orders to permit disclosure of discovered materials." *Id.* at 4. The court rejected the District Judge's suggestion that a sophisticated litigant may not rely on the terms of a protective order

(*id.* at 5) but found no abuse of discretion in the Order permitting wholesale disclosure to the government. Indeed, the Circuit Court was "impressed with the wastefulness of requiring government counsel to duplicate the analysis and discovery already made." *Id.* at 6.

The Seventh Circuit, like Judge Grady, proceeded on an assumption that documents and other discovery materials warrant identical treatment (see *id.*; compare Judge Grady's order at 2). There is, however, a fundamental distinction. Documents from a party's files (except for work product) exist independent of the lawsuit. They were presumably created in the course of a party's business. When discovery begins, however, interrogatories and depositions lead to the creation of new materials during trial preparation. A protective order may well shape the premises of compliance with the latter discovery requests. A party with multiple lawsuits pending, involving multiple opponents, may have an obligation to produce the same pre-existing documents in more than one case. And even if copies produced in one action reach the adversary's hands under the umbrella of a protective order, other copies of the documents still in the producing party's files are always available (in a theoretical sense) to be requested by other adversaries. Production to the subsequent requesters may or may not be the subject of confidentiality provisions, depending on the parties' wishes or court order. But since the documents were not created for the first production, the later production is not contingent upon the terms of the first discovery.

Thus it appears that the disclosure by AT&T to the government of documents previously produced to the *Litton* plaintiffs does not raise special concerns: the government could have requested the same documents pursuant to Rule 34 and, except for the needless expenditure of thousands of attorney and paraprofessional hours, the result would be the same—the government would have the documents. Production of deposition transcripts and interrogatory answers, however, draws upon material created solely for the discovery process in a

particular context, subject to limitations and protections attending that process, including protective orders.

Voluntary cooperation between counsel for Litton and counsel for the government raises other questions. Any failure to recognize this freedom must be seen as unusual *ab initio*. An argument can be made for authorizing such contacts to the extent that they relate to documents now in the government's hands. After the extensive deposition practice in this action, however, it would be preposterous to call upon counsel to compartmentalize their minds, cooperating with the government on matters relating to specific documents, but preserving as confidential anything gleaned from other discovery or preparation. Thus on balance it is necessary to avoid the risks which such contacts might engender.

The practical and equitable concerns which impinge upon the present issue arise from the fact that through the efforts of Judge Greene and Magistrate Margolis the District Court for the District of Columbia is actively supervising the complex problems of discovery in the mammoth Government case. After extensive consideration, and submission of briefs and oral arguments to two District Judges, that Court on September 11, 1978 issued its Pretrial Order No. 11 requiring the defendants to produce to the Government microfilm copies in their possession of the documents produced to the plaintiffs in this action and in the *MCI* case, previously referred to. That order denied at this time, however, the Government's request for access to deposition transcripts and exhibits in private cases, and a renewal of that request by the Government is currently pending before the District Court for the District of Columbia. Moreover that Court has never granted the Government the right to exchange information and work product with plaintiffs' counsel in private cases.

It is also difficult to gauge from this vantage point the adverse impact on defendants which might flow from providing

the government with a virtually complete discovery "package"—prepared by the *Litton* plaintiffs' counsel over the past two years and, presumably, in the forthcoming months—on large segments of the Government case. During most of the four years during which the Government case has been pending, there has been a stay of discovery by all parties in that case.¹ Now, under the schedule established by Judge Greene, the Bell System and the government each have the same 18 months in which to commence and complete discovery and prepare that huge case for trial.

An assessment of the fairness of the government's hope to leapfrog to a higher level of preparation would be best made by the court charged with superintendence over that action; that court has the power and information necessary to effect balanced preparation, free from preferential priorities² to either

¹ Prior to the entry of Judge Greene's orders, discovery progressed only intermittently because of three stays entered in the case. The initial stay was entered by the district court on its own motion on February 27, 1975, pending a determination of whether the matters raised in the complaint filed by the Government are subject to the antitrust laws or whether they are within the exclusive jurisdiction of the Federal Communications Commission and of state regulatory agencies, which have pervasive regulatory authority over the telecommunications business. This stay remained in effect until December 16, 1976, following a determination by the district court that it had jurisdiction over "at least some" of the aspects of the case. *United States v. American Tel. & Tel. Co.*, 427 F.Supp. 57, 61 (D.D.C. 1976). Two subsequent stays were entered by the Court of Appeals, the first on its own motion and the second at the Bell System's request, while the Bell System sought review of the district court's ruling in the Court of Appeals and the Supreme Court. The final stay of "all proceedings" in the district court expired on November 28, 1977, when the Supreme Court denied the Bell System's petition for a writ of certiorari. (434 U.S. 966).

² See Advisory Committee Note, 48 F.R.D. 487, 507 (1970); *Caldwell Clements, Inc. v. McGraw Hill Publishing Co.*, 11 F.R.D. 156, 158 (S.D.N.Y. 1951); Manual for Complex Litigation, 0.50.

side or fundamental asymmetries in the preparation raising questions of a fair hearing.³

The government's request should be denied.

Pursuant to 28 U.S.C. §636, as amended, the parties shall have ten days within which to lodge written objections to the foregoing Memorandum Decision with the Honorable William C. Conner. Such objections should be filed with the Clerk of the Court, with extra copies delivered to the Chambers of Judge Conner, Room 608, and the Chambers of the undersigned, Room 431.

DATED: New York, New York
January 3, 1979

KENT SINCLAIR, JR.

Kent Sinclair, Jr.
United States Magistrate

³ *Wardius v. Oregon*, 412 U.S. 470, 474-75 (1973); *Exxon Corp. v. FTC*, 411 F.Supp. 1362, 1371 (D. Del. 1976) (construed the holding in *Wardius* as requiring "reciprocal discovery... for 'fundamental fairness'").

APPENDIX

Prior Proceedings

On January 4, 1977, prior to the commencement of any substantial discovery in this action, the Court entered a Protective Order Governing Pretrial Discovery ("protective order") that precluded the parties from using confidential information obtained during discovery for any purpose other than preparation for trial in this case. The order specifically prohibited a party from divulging such information to anyone whose access to confidential information had not been previously approved by the opposing parties.

After the entry of that order, and in reliance thereon, defendants produced to plaintiffs almost six million pages of documents. In addition, plaintiffs took over 150 depositions of present and former officers, directors, and employees of the defendant and non-defendant Bell System companies, and thousands of documents were marked as exhibits during those depositions. Large numbers of the documents produced and substantial portions of the depositions and exhibits were designated as confidential pursuant to the protective order.

On October 18, 1977, plaintiffs, at the request of the Government, filed an application pursuant to paragraph 10 of the protective order to permit disclosure of the discovery materials in this case to the Government. Plaintiffs' application followed a letter from the Antitrust Division to plaintiffs' counsel indicating the Division's desire for access to documents and depositions in the case, requesting copies of all discovery in the case and asking plaintiffs to apply to this Court to be relieved of the restrictions of the protective order so as to be able to comply with the Division's request. The Government sought this discovery for use in connection with its pending litigation against the Bell System in *United States v. American Tel. & Tel. Co., et al.* (D.D.C. Civil No. 74-1698). Plaintiffs and the Government filed memoranda in support of that application.

Defendants opposed the Government's application¹ on four grounds: first, it would subvert the then-operative stay in the Government case;² second, it would be contrary to governing case law; third, it would frustrate the orderly and equitable progress of the discovery in the Government case and would be seriously prejudicial to defendants and to the preparation of a program of mutual discovery in that case; and fourth, it would unduly complicate discovery in this case. Defendants stressed that there was no need for this Court to lift the protective order and grant the Government access to discovery in this case since defendants possess identical copies of the microfilm reels and the deposition transcripts and exhibits that the Government sought to obtain from plaintiffs, and that the appropriate procedure for the Government to follow, therefore, was to file in the District Court for the District of Columbia a request for these discovery materials pursuant to Rule 34 of the Federal Rules of Civil Procedure.

At a pretrial conference held on November 8, 1977, Magistrate Schreiber heard extensive argument on the practical problems that would ensue from granting the Government's application and the desirability of having decisions pertaining to the scope and timing of the complex and extensive discovery program in the Government case made by the court in which it

¹ Although technically the application pursuant to paragraph 10 of the protective order was made by plaintiffs, it was made at the Government's request and will be referred to herein as the Government's application.

² The stay in the Government case has been lifted, but the other reasons defendants advanced for rejecting the Government's application remain fully applicable. Moreover, the lifting of the stay removed the bar to the Government's requesting these materials directly from the defendants in its own case. As shown below, that request was granted in part and denied in part and the question is currently again before the District court for the District of Columbia in the Government case.

is pending and which has the difficult responsibility for fashioning and implementing the plan of discovery in that case.³ Defendants explained—and the Government did not dispute—that the existence of the protective order in this case in no way inhibited Judge Waddy of the District Court for the District of Columbia (who then presided over the Government case) from granting the Government access to the documents produced by defendants in this case since that court could direct the defendants there to produce their own copies of such documents pursuant to Rule 34, if it thought that such a procedure were appropriate in light of the discovery problems in that case.

After hearing argument, Magistrate Schreiber rendered his ruling which recites in relevant part:

“I am prepared to rule today. It is my judgment that the protective order in this Court should be lifted, *if Judge Waddy is of the opinion that such production would assist the movement and the development of the case*—the discovery and development of the case in his jurisdiction.” (Emphasis added.)

(Transcript of November 8, 1977, Pretrial Conf. at 38.) The Court went on to note that “the entire critical issue is whether or not it would serve a useful purpose on Judge Waddy’s part.” (*Id.*, at 40.) Although Magistrate Schreiber remarked that he doubted that permitting the Department access to these materials would “create insurmountable difficulties” (*id.*), he quite properly declined to base his ruling on that fact because, not having jurisdiction over the Government case, he could not

³ Although defendants briefed the proposition that as a matter of law the Government had no right to the discovery it sought, Magistrate Schreiber did not address that issue at the pretrial conference and, in light of his disposition of the Government’s application, it was unnecessary to rule upon that point.

issue orders that would “surmount” the substantial difficulties that would arise. As he explained:

“The issue is a rather complex one; it is a matter which in my judgment needs careful consideration by the supervising magistrate or judge of the underlying case or cases.”

Id. at 38.

Magistrate Schreiber, moreover, explicitly recognized the validity of defendants’ argument that the protective order in this case posed no barrier to the Government’s access under Rule 34 in its own case of defendants’ copies of documents produced to plaintiffs here:

“[A]s the material is in the hands of the defendant and could be obtained with or without a ruling of this Court if Judge Waddy believes it is necessary to make such production, this is more in the nature, with all due respect, of an advisory suggestion.”

Id. at 38.

In sum, Magistrate Schreiber ruled that permitting access to discovery materials for use in another case would raise complex problems of judicial management that must be addressed by the court with jurisdiction over the case for which the discovery is sought, and that this issue need not be presented to this Court because the Government could request these discovery materials directly from the defendants in the Government case. The Court did not—indeed, it could not—decide that permitting the Government access to documents would in fact be desirable in the complex circumstances of the Government case,⁴ and in light of its inability to rule upon the many inextricably interwoven discovery issues in the Government case, it certainly did not conclude that it should be the Court to sanction such access.

⁴ Nor did Magistrate Schreiber even address the question of consultation or the sharing of work product between counsel for the plaintiffs and the Government, which the Government’s present application now seeks for the first time.

Subsequently at a status call in the Government case on February 1, 1978 Judge Waddy indicated his responsibility for determining whether the Government should have access to discovery in private cases. He denied a motion by the Government seeking his approval of their efforts to gain access to such materials, and he referred discovery questions to a Magistrate. Attempting to construe this action somehow as support for its efforts, the Government in February, 1978, renewed its request that this Court modify the protective order. Upon full submissions by the Government and defendants, Magistrate Shreiber adhered to his prior determination that the District Court for the District of Columbia was the proper forum to determine whether the Government should have access to the materials discovered in this case. (Transcript of March 13, 1978 Pretrial Conf. at 32-36.)

On May 18, 1978 the Government appeared without prior notice at a pretrial conference before Magistrate Shreiber and orally renewed its request, and again Magistrate Schreiber refused to intrude into Judge Waddy's consideration of this matter. (Transcript of Pretrial Conference of May 18, 1978, pp. 34-39).

On September 11, 1978, Judge Harold H. Greene, to whom the government case was reassigned following the death of Judge Waddy, entered Pretrial Order No. 11 which directed AT&T to produce to the Government the microfilm copies in its possession of the documents which had been selected by plaintiffs in this case, the course which defendants had indicated to Magistrate Schreiber was available. Despite the Government's request, the Court refused to direct AT&T to produce to the Government the deposition transcripts and exhibits from this case.⁵

⁵ Judge Greene noted as to depositions and exhibits that "considerations other than those which pertain to the documents may well be present, yet the Government has made no effort to provide the Court with either a legal or factual basis on which to order their production." (Opinion filed September 11, 1978, p. 46, n. 91). The Government has since renewed its motion for such materials.

On September 14, 1978 the Antitrust Division wrote to Judge Conner informing him of Judge Greene's September 11 order, and made the same request which it now makes, *i.e.*, that since the Government had been given access to Bell System documents produced in this case, "there is no longer any reason why the protective order should prevent full and free intercourse between Litton and the government." The Government was advised by the Court that it should proceed by motion. The Government then filed a motion seeking narrower relief than it had requested in its letter to Judge Conner; rather than seeking a full exchange of information with Litton, it sought what Judge Greene had already permitted. Thus, on September 18, 1978, the Government moved for an order granting it leave to accept from defendants the microfilm reels that were to be produced pursuant to Judge Greene's Pretrial Order No. 11. Defendants opposed the Government's motion, but only on the ground that no leave of this Court or modification of the protective order here was required because, as it had previously maintained, the protective order here did not bar defendants from producing to the Government the microfilm copies of documents produced by the defendants which defendants had in their own possession subject to a Rule 34 order in the Government case. While this Court has issued no order on the Government's September 18, 1978 motion, the defendants did deliver to the Government on November 13, 1978 the microfilm reels of the documents produced in this case, pursuant to Judge Greene's Pretrial Order No. 11.

APPENDIX E

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,
Plaintiff,

v.

Civil Action No. 74-1698

AMERICAN TELEPHONE & TELEGRAPH
COMPANY; WESTERN ELECTRIC
CO., INC.; BELL TELEPHONE LAB-
ORATORIES, INC.,

Defendants.

MEMORANDUM OPINION

I

The government has moved pursuant to Rule 37, F.R.Civ.P., to compel defendants to produce transcripts of depositions prepared in two private lawsuits in which the American Telephone & Telegraph Company is a defendant (*Litton Systems, Inc. v. Am. Tel. & Tel. Co.*, CA 76 Civ. 2512 (S.D.N.Y. 1976); *MCI Communications v. Am. Tel. & Tel. Co.*, 74 C 633 (N.D. Ill. 1974)) together with the exhibits used in connection with those depositions.¹ This Court previously dealt at some length with the question of whether defendants may be required to produce in this lawsuit the documents selected for use by the private plaintiffs in the *Litton* and *MCI* litigation. See Part III of the Opinion of September 11, 1978. The Court's decision requiring production of the documents was not disturbed when the U.S. Court of Appeals for this Circuit denied defendants' petition for a writ of mandamus and the U.S. Supreme Court denied their petition for a writ of certiorari. 47 U.S.L.W. 3332 (Nov. 13, 1978). At the time it required

¹ The depositions are those of present and former employees of defendants.

production of the documents, the Court denied without prejudice the government's request for the deposition transcripts, noting that no legal or factual basis had been provided upon which an order for production could be based (slip opinion, pp. 49-91). The present motion to compel purporting to provide such a basis followed.

The government argues that there is no material distinction between the documents which the Court ordered produced on September 11, 1978, and the deposition transcripts, and that both categories of papers should be treated alike. Defendants make three points in resisting the motion to compel: (1) that it is legally impermissible (citing *GAF Corp. v. Eastman Kodak Co.*, 415 F. Supp. 129 (S.D.N.Y. 1976) and similar decisions) to order the production for use in a government antitrust action of materials which are the subject of a protective order in a private lawsuit pending in another court; (2) that in view of the deadlines which the Court imposed in Pretrial Order No. 12, it is unfair to require the production of the deposition transcripts because to do so would assist the government in the speedy preparation of its case without compensating advantages to defendants; and (3) that the depositions, unlike the documents previously ordered produced, were taken after the protective orders had been issued in the two private lawsuits and should be given the benefit of their protection.

First. No purpose would be served by a further discussion of the line of cases exemplified by *GAF Corp. v. Eastman Kodak Co.* The Court considered those decisions at length in the September 11 Opinion (slip opinion, pp. 36-40) and the considerations cited there apply here as well.

Second. Defendants' insistence that, in light of the deadlines for discovery set by the Court, it would give the government an unfair advantage to provide it with access to the deposition transcripts in the private cases is not well taken. These deadlines are appropriate to the capacity of the parties to proceed and the evidence apparently in their possession.

While, to be sure, the government is being assisted with the preparation of its case by being given the benefit of materials generated in the private lawsuits, there is every indication that, in terms of the realities of the situation, the defendants have at least as much knowledge concerning the issues and at least as much potential evidence bearing upon them as the government. The great bulk of the proof necessary to the preparation of their case is available to defendants from their own files, the records of proceedings before the Federal Communications Commission and local regulatory bodies, and the discovery taken in the private antitrust litigation in which defendants are or were engaged in many districts.² The time periods provided by Pretrial Order No. 12 should be ample for the additional discovery necessary here, and there is no reason to believe that with respect to the evidence available to them the defendants are at a disadvantage compared to the government or would be upon a grant of the motion to compel.³

Third. The Court does not agree with the government's contention that the deposition transcripts stand on the same footing as the documents which were previously ordered produced. All or almost all the documents which are the subject matter of Pretrial Order No. 11 were in existence long before the two private lawsuits were filed. They were not prepared for purposes of those lawsuits but constituted an incidental product of defendants' normal business operations.

By contrast, the deposition transcripts were generated as a result of those lawsuits through the direct or implicit compulsion of the courts in which those actions were pending; they were prepared under the umbrella of the protective orders

² A perusal of the statements of contentions and proof submitted by the parties in conformity with Pretrial Order No. 11 also supports these conclusions.

³ As indicated in Part II *infra*, it should be possible for the parties to stipulate to substantial proportions of the evidence, thus further reducing the search for proof.

which had previously been issued; and, inasmuch as the depositions were taken by the private plaintiffs, it is merely a fortuitous circumstance that defendants have copies of those deposition transcripts in their files. In view of this background, the nexus between those transcripts and the protective orders entered in the private litigation is far stronger than that between the protective orders and AT&T's own documents, and so is the promise against other use embodied in those orders.⁴

Insofar as the documents are concerned, as was suggested both in the September 11 Opinion and the Memorandum on the Motion for Reconsideration issued in this case, this Court would have had the power, irrespective of the intentions and purposes of the courts which issued the protective orders, to order AT&T to produce.⁵ See slip opinion of September 11, 1978, at p. 46, note 90; slip opinion of October 18, 1978, at p. 5, note 8. The documents are AT&T's documents, AT&T is a litigant in this Court, and this Court accordingly has plenary jurisdiction to require AT&T to produce. Because of the manner in which the deposition transcripts were generated, however, this Court does not have the same authority to require production in the face of outstanding protective orders, but must defer to such orders.

In the *MCI* case, Judge John F. Grady, construing the protective order previously issued in the U.S. District Court for the Northern District of Illinois, held that the order does not preclude the production to the government of the deposition transcripts prepared in that case. The U.S. Court of Appeals for the Seventh Circuit upheld Judge Grady's ruling, no stay has

⁴ The government suggests that the two situations are similar in that the selection process which reduced the 12 million documents to some 2.5 million relevant documents would not have occurred but for the litigation. But the significant facts are that the documents themselves were defendants' documents and were preexisting, while the deposition transcripts were essentially not defendants' and did not exist and would not have existed but for the litigation.

⁵ The Court stayed its hand on principles of comity, not of jurisdiction.

been issued by any court, and the government's motion to compel production with respect to those materials will therefore be granted.

Paragraph 10 of the protective order entered in the *Litton* case provides that "this order is without prejudice to the rights of any party to apply for a subsequent Order permitting, on a showing of good cause, the disclosure of confidential materials to governmental officials or counsel for parties in similar actions." Magistrate Sinclair, passing upon a request by the government to obtain these deposition transcripts notwithstanding that protective order, denied the government's request, at least in part because he felt that, unlike this Court, he was not in a position to determine whether the production of the materials would provide the government with an unfair advantage in the litigation pending here.

That question has now been answered in the negative (see pp. 2-3 *supra*). The Court is of the view that the future progress and the fair disposition of this litigation will be facilitated by providing the government with access to the deposition transcripts generated in the *Litton* case. However, for the reasons indicated *supra*, the Court lacks the authority to require defendants to turn over to the government its copies of these transcripts in defiance of a protective order issued by the U.S. District Court for the Southern District of New York. Only that court is in a position to make the judgment whether the conditions under which the protective order was issued precludes the use of those depositions in other litigation,⁶ and only it is able properly to interpret paragraph 10 of its own order, to modify it, or to take other action with respect thereto.⁷

⁶ That court is also in the best position to determine whether the Publicity in the Taking of Evidence Act, 15 U.S.C. § 30, would be inconsistent with its purposes in issuing the protective order.

⁷ *LaMorte v. Mansfield*, 438 F.2d 448 (2d Cir. 1971); and *In re Four Seasons Securities Laws Litigation*, 54 F.R.D. 527 (W.D. Okla. 1972), cited by the government, are inapposite because in those cases any privilege or confidentiality was deemed waived when transcripts of testimony before the Securities and Exchange Commission were released to witnesses by the Commission without restriction.

The government's motion to compel the production of the *Litton* documents will be denied. Government counsel is authorized and directed, however, to bring to the attention of the court in the *Litton* action that insofar as the litigation in *United States v. Am. Tel. & Tel. Co.* in this district is concerned, a fair and expeditious resolution of this litigation would be facilitated by a modification of the *Litton* protective order which would grant to the government access to the deposition transcripts and the attached documents and permit their use in this case.⁸

II

During the hearing on the motion to compel, the parties suggested the possibility of stipulations concerning substantial segments of the facts; the holding of a pretrial conference in advance of the due dates of the next statements of contentions and proof; and the provision of guidance by the Court concerning the format of these statements. As indicated at that hearing, the Court is desirous of assisting the parties with respect to these matters in order that this litigation may move forward with both fairness and expedition.

It appears that a pretrial conference might profitably be held within the next two months, provided that progress is first made concerning further refinement of the statements of contentions and proof submitted by the parties. Such refinement is best achieved by separating the statements into two major parts and dealing with them in different ways appropriate to their substance. Specifically, the statements should be divided into

⁸ See Judge Grady's opinion in the *MCI* case (slip opinion, pp. 2-3) who declared: "Absent any element of unfairness which might be presented by the facts peculiar to a particular case, we believe the court should not only encourage the sharing of discovery in cases with common fact question but order it on its own motion even where the parties do not suggest it. Certainly, such a philosophy is consistent with if not essential to the concept of multi-district litigation."

those portions of the factual allegations which may legitimately be stipulated to, and those which will not be the subject of stipulations (at least not at present) but will require further consideration, either by specific narrowing of the allegations or by expansion and specification of the proof to sustain them.

Broad antitrust litigation is not necessarily fated to proceed at a stately and leisurely pace through the courts for many years or decades, but can be disposed of on the merits, consistently with fairness and justice, in more reasonable time frames. One means for achieving such a result is the extensive use of stipulations of fact. Stipulations reduce a case to more manageable proportions; they permit the parties and the Court to focus their resources and energies on truly contested matters; they allow the litigation to proceed without the distractions and complications of masses of evidence which merely burden the record without constructive purpose; and, most obviously, they reduce the time devoted to the trial and expedite the ultimate disposition of the action.

This case is especially well suited for massive use of the stipulation process, for several reasons: (1) many of the facts are not truly contested or contestable, for they are either on the public record or are otherwise in the public domain, (2) the excellent statements of contentions and proof provide a solid basis for stipulations because, well in advance of the trial, they narrate in detail the contentions of the parties and much of the evidence in their support, and (3) the parties have indicated their willingness, indeed their eagerness, to make a significant effort to proceed by way of stipulation. With these considerations in mind, what is now required is the establishment of a mechanism which will facilitate and expedite the stipulation process. Once stipulations are arrived at concerning some or much of the evidence, it will then become possible to consider and analyze the remainder of the parties' contentions and their proffered proof with greater care and precision, with a view toward better trial preparation by everyone concerned.

As noted, a review of the statements of contentions and proof indicates that substantial parts of both statements contain what should be uncontravened facts, and that in many respects only the conclusions to be drawn from these facts are in issue.⁹ The parties, with their knowledge of their own positions on the major contested matters should be able at this juncture to determine without undue difficulty which factual statements made by their opponents may be accepted as correct or as being otherwise uncontested for purposes of this litigation. Both plaintiff and defendants will accordingly be expected to assume the burden of specifying such facts, in implementation of the suggestion they made at the January 11 hearing.

Subject to consideration of the matters specified in the footnote,¹⁰ an order will be entered on February 1, 1979, requiring plaintiff to review defendants' statement of contentions and proof filed January 8, 1979, and advise defendants and the Court prior to March 1, 1979, which portions of such statement may be stipulated to in their present form; which portions may be stipulated to with changes in language (with specification of the required changes); and which portions are expected at this time to be subject to contest at trial. Defendants shall review the government's statement of contentions and proof filed November 1, 1978, on a similar basis within the

⁹ Entire sections of the statements (e.g., pp. 6-62 of the government's submission and pp. 64-193 of defendants' statement) should be ready for stipulation now with relatively few language changes or deletions. Other portions of the parties' statements of contentions and proof contain, in addition to characterizations and arguments, many uncontrovertible facts which may likewise conveniently be reduced to stipulation.

¹⁰ Before a formal order is entered to implement these procedures, the Court will consider not later than January 31, 1979, any suggestions the parties may have as to the manner in which the stipulation process may be effected, including any proposed refinements, modifications, or alternatives to the procedures announced herein, and any other matters they may wish the Court to review with respect to Part II of this Memorandum Opinion.

same time limits. In order to avoid prejudicing the party which, in good faith, is more forthcoming in its analysis, neither party's comments will be regarded as final and binding until ratified at the forthcoming pretrial conference.¹¹

After the draft stipulations have been completed in this manner, the parties will meet with the Court at a pretrial conference to arrive at formal stipulations. At the same pretrial conference, plaintiff and defendants may also submit any requests or proposals they wish to offer with respect to both format and substance, but within the general guidelines set by Pretrial Order No. 12, concerning the next set of statements of contentions and proof.¹² The Court will rule on all such proposals and requests at the conference or subsequent thereto.

These procedures will obviously work best if the parties make use of them in good faith. Their representations at the January 11, 1979, hearing are encouraging in that regard. If the issues in this case can be narrowed, focused, and made more precise by the elimination from proof at trial of a great mass of facts about which there cannot reasonably be any legitimate controversy, the parties will benefit by a fairer, more expeditious result, as will also the Court and the administration of justice.

HAROLD H. GREENE
United States District Judge

January 22, 1979

¹¹ Should the parties believe that this process of review and preliminary agreement in advance of the pretrial conference is more likely to succeed if assisted by a neutral third person, the special masters previously appointed or an additional special master may be designated to fulfill that function.

¹² To the extent that such requests or proposals require earlier resolution in view of the April 1 and May 1, 1979, deadlines set in Pretrial Order No. 12 for the second statements of contentions and proof, they may be submitted in writing in advance of the pretrial conference.